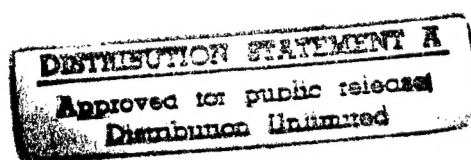


JPRS Report



East Europe

19980112 038

East Europe

JPRS-EER-92-100

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4 August 1992

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Macedonian Daily Interviews Greek Prime Minister

92BA1235A Skopje NOVA MAKEDONIJA
in Macedonian 18 Jul 92 p 13

[Interview with Greek Prime Minister Konstandinos Mitsotakis by a NOVA MAKEDONIJA team; place and date not given: "Cooperation Based on Change of Name"]

[Text] *Greece would accept the existence and independence of the Republic if the recommendations of the EC were accepted and its name did not include the word "Macedonia." Expected reaction on the part of the Macedonian parliament following the Lisbon declaration. Recognition cannot take place without the agreement of the Greek people. Willingness to meet with President Gligorov concerning the implementation of the recommendations of the EC. Greece does not have a Macedonian ethnic minority. Categorical denial of news of any agreement with Milosevic concerning an alleged division of Macedonia.*

Recently, Konstandinos Mitsotakis, the Greek prime minister, received in the prime minister's residence in Athens Pande Kolemishovski, general director of the NOVA MAKEDONIJA NNIP [expansion unknown]; Georgi Ajanovski, editor in chief of NOVA MAKEDONIJA; and Zoran Andonovski, NOVA MAKEDONIJA permanent correspondent in Athens, with whom he held a lengthy conversation.

The following interview is part of the series of discussions held by NOVA MAKEDONIJA with several foreign statesmen, including Turkish President Turgut Ozal, Hungarian President Arpad Goncz, and Albanian President Sali Berisha.

Prime Minister Mitsotakis, the head of the Greek Government, stressed the following in the course of the conversation:

"I am pleased to have met with you. We can establish contacts and speak sincerely. We can exchange thoughts and views even though we may disagree. In any case, what we are doing and the fact that you are here are positive features.

"Yesterday I was in Edes (Voden), where I made a speech. It was there that, for the first time, I had the opportunity to see your newspaper. This interview is perhaps the beginning of a dialogue between our two countries."

[NOVA MAKEDONIJA] Mr. Prime Minister, we are surprised at your readiness to grant an interview to our newspaper, NOVA MAKEDONIJA. This is the first occasion for a Greek statesman to have a talk with newsmen from the Republic of Macedonia and for him to share his views with a newspaper whose language is not recognized, according to Greek official policy. May we interpret this gesture of yours as the beginning of new and radical changes in relations between our countries?

[Mitsotakis] I have no reason to avoid an interview with your newspaper, and I hope it will be published without any changes. Furthermore, I have no reason to deny the existence of either you or your language. The only thing I do not agree with is the idea of the existence of a "Macedonian" minority in Greece and the way the name "Macedonia," which is Greek, has been used for the past 45 years—to the detriment of Greece.

Greece accepts the existence and independence of your republic provided the recommendations of the European Community are accepted, according to which your name should not include the word "Macedonia." Greece is ready to recognize your country. It is a fact I believe should be valued in this troubled period for the Balkans.

We are neighbors. This means that both historically and geographically we are destined to live together—something I have said on other occasions. Therefore, we must communicate, even though we may disagree. And, if you think about it correctly, you will see that nothing that divides us today cannot be resolved, as long as we both show goodwill. My interview with your newspaper is a practical expression of this Greek goodwill.

[NOVA MAKEDONIJA] Considering that the parliament of the Republic of Macedonia recently unanimously rejected the declaration of the Twelve in Lisbon regarding the recognition of Macedonia under a different name, why do you insist on saying that this is the single prerequisite that would make cooperation between the two neighboring countries possible? Does this mean there will be an end to efforts to find the right solution?

[Mitsotakis] The reaction of your parliament was clearly the expected reaction to a decision that, in your case, was an expression of a bitter truth and one that led to the surfacing of a new reality. However, the Lisbon decision is clearly a positive one for our two countries. That is why it provides us with a basis for developing new relations on firm ground. It would be a major error if your republic were to begin its new period of independence by assuming the burden of the communist past. Before World War I, your area was never administratively known as Macedonia. This started with Tito, with Stalin's agreement, and within the framework of a broader plan, the purpose of which was to separate Greece from some of its territory. Therefore, what is happening today is directly related to an age that must come to an end. Furthermore, we must put an end to what is appearing at the border of Greece as well as today's demonstrations by your compatriots, the printing of "United Macedonia" maps that reach as far as Saloniki, and the pictures of Alexander the Great. All of this confirms the feeling of a spontaneous reaction by the Greek people regarding recognition of your Republic.

Let us now look at the issues realistically. It is a fact that 10 million Greeks, with a full sense of unity and resolve, support the view that was accepted by all of Europe. I believe that, in the case of your republic, its recognition

by Greece, which is your biggest and most developed neighbor, is of decisive significance. It is a certainty that such recognition cannot be granted without the agreement of the Greek people.

To insist that your land assume that name is senseless and threatens a delay in your recognition. Conversely, if you were to provide a positive response to the Lisbon decision, the foundation would be laid for a new kind of relationship with Greece as well as with the EC. This would be a tie free of the past and would open up new opportunities for your fatherland. Greece would like to be your friend and to cooperate with you in the development of the region, without any reservations.

[NOVA MAKEDONIJA] The Greek press itself has published articles saying that at the last meeting in Lisbon Greece made a large bargain at the expense of Macedonia and its own well-being. This success you achieved is viewed as a Pyrrhic victory because Greece had to grant concessions to Turkey and Cyprus.

[Mitsotakis] In general, that is not true. The demand formulated by Skopje concerning Macedonia, according to you, was quite separate from the other issues. In general, the Lisbon meeting did not deal with relations between Greece and Turkey.

[NOVA MAKEDONIJA] To what extent do your views coincide with those of the opposition? Are there differences in terms of the issue of the recognition of Macedonia, and, if there are, what are they?

[Mitsotakis] There are no differences. All Greeks are unanimous. We had a meeting with Republic President Constantine Karamanlis and agreed on that policy. In that sense I speak for all of Greece. The only exception was the Greek Communist Party, whose opinion was somewhat different but not totally opposed.

[NOVA MAKEDONIJA] Kiro Gligorov, the Macedonian president, expressed his readiness to meet and discuss with you this entire situation. Are you willing to hold such a meeting, and when could it be expected?

[Mitsotakis] I value the effort made by President Gligorov during this difficult period in leading his country to a better future. I have already said that I am prepared to meet with him the moment our relations are organized on a proper basis and prerequisites provided for the start of a new period of friendship and cooperation between our countries, in accordance with the EC resolutions.

At that point, we shall be able to give our cooperation a specific shape and eventually sign a treaty that would guarantee borders and security and would lay the foundations for economic cooperation. Greece is a member of both the EC and NATO and has the most developed economy in the area. It has both the will and the possibility to help your Republic in a number of ways: through developing your trade via Saloniki, encouraging Greek entrepreneurs to invest in your fatherland, and, along with your own entrepreneurs, setting up mixed

enterprises and facilitating the transfer of technologies in areas such as agriculture, telecommunications, the banking system, and the promotion of long-term projects, as well as the development of the Vardar Valley and other similar major projects.

[NOVA MAKEDONIJA] The Republic of Macedonia and the Republic of Greece are the closest possible neighbors and share numerous interests and needs. So far, regretfully, differences and disagreements between the two have always been emphasized, and there has been less talk about what unites them. For example, we know that the two jointly fought the Ottoman conquerors. They fought together on the side of the antifascist coalition and so on. Therefore, we would like to ask you whether you think the situation in the Balkans over the subject of Macedonia could develop into war and what the Greek position would be.

[Mitsotakis] I do not believe such a development is likely. As far as Greece is concerned, our view is clear. From the very start, we have struggled and will continue to struggle for peace. As far as your republic is concerned, we are particularly eager to live in peace and security within the present borders. You should know that Greece was the one that encouraged the leaders of the EC in Lisbon to guarantee the inviolability of the borders of your republic.

[NOVA MAKEDONIJA] Regarding the talks concerning the international recognition of Macedonia, the Greek authorities seem to have completely closed their borders with our state, making impossible even the flow of goods guaranteed by international treaties. This applies to transit shipments of medicine, food, fuel, and so on. At the same time, the Greek border authorities are not allowing Macedonian citizens to enter Greece for the sole reason that their travel documents include the name of the state to which they belong. How do you explain such actions?

[Mitsotakis] Your statement is inaccurate. Obviously, following the outbreak of the crisis in Yugoslavia, bureaucratic formalities on our border increased, while the issue concerning the name had a certain adverse effect on contacts between our countries. Nonetheless, the border is not closed, and goods are moving steadily.

[NOVA MAKEDONIJA] A large number of international documents particularly emphasize protection of the rights of ethnic minorities and, in general, human rights and freedom. There is documentary proof that Greece has adopted a policy of restrictions concerning such rights, particularly in the case of the Macedonian ethnic minority, which your country, after World War I, assumed the obligation to respect. Do you consider that Greece is honoring such commitments? And, naturally, whether in the Balkans ethnic minorities, as a result of quarrels, could be a factor in rapprochement and cooperation?

[Mitsotakis] Greece is a democratic country. It is the only country in the Balkans that does not have minority

problems. Its population is 98-percent ethnically homogeneous, and its only minority is the Muslim minority, which, naturally, and in accordance with international treaties, enjoys all of the rights stipulated in the Greek Constitution and the charter of the CSCE. There is no "Macedonian" minority in Greece. The few Greeks who speak a different language and live in Macedonia are conscious of being pure Greek. And, as we know, awareness is what determines the ethnicity of every person.

[NOVA MAKEDONIJA] There was a great deal of criticism of the Law on Returnees pertaining to those who participated in the civil war in Greece, according to which this right was granted only to those who were "Greek by origin" and not the other participants who were Macedonians born in Greece and whose families and relatives were still there.

[Mitsotakis] The people you are talking about left Greece at the end of the civil war, most of them of their own free will. They changed their names and accepted the citizenship of the countries in which they settled and became part of the societies of those countries. Thus, today, more than 40 years later, the question of their return to Greece no longer exists. However, this does not mean that, if our relations develop, we would be unable to find a way to resolve such issues.

[NOVA MAKEDONIJA] Recently, the president of Serbia, Mr. Slobodan Milosevic, made an announcement in which he suggested to you the creation of a confederation between Greece and Serbia. However, your ministry responded to this suggestion in the negative. The foreign press, meanwhile, has written that, in the course of your frequent meetings with Mr. Milosevic, the specific issue of the division of Macedonia has been discussed. Such claims have not been denied to this day by the Greek Government. What is the truth in all of this?

[Mitsotakis] You are wrong. The moment such information appeared, it was denied, and today I also categorically deny it.

[NOVA MAKEDONIJA] What is your opinion of the idea of the Balkans without borders, and can we expect in the immediate future a greater opening of the Macedonian-Greek border, making the granting of visas and travel documents easier and eliminating reciprocal visas, which is a structural component of the Helsinki document on the free circulation of goods, people, capital, and ideas. To the best of our information, the Macedonian Government has already made such a suggestion. What kind of answer can we expect from you?

[Mitsotakis] The concept of a Europe without borders, which is close to being implemented by the EC, is the result of a process of agreements, cooperation, and rapprochement that has lasted a number of years but that, unfortunately, has not even begun in the Balkans. Specifically, as far as the border between Greece and your republic is concerned, freedom of travel, naturally, is an objective toward which we should aspire. I believe

that, with recognition, there will be direct improvement in the level of contacts between these two countries.

[NOVA MAKEDONIJA] How do you assess the internal political condition in your country, what are the more serious problems you are facing, and how do you see the future of Greece?

[Mitsotakis] The future of Greece, naturally, is with Europe. My country, as you know, is an equal member of the EC, and an absolute priority in our policy is the creation of prerequisites for equal participation in the economic, monetary, and political unification of Europe. European unification, which will begin taking place in 1997, will lead to the creation of a new world superpower, within which Greece will be able to rapidly advance economically and socially and to resolve, once and for all, problems of security and the issues of its economic and political role as a bridge between Europe and the Balkans and the Mediterranean.

[NOVA MAKEDONIJA] You seem to be an influential member of the EC. Could you give us the Community's views concerning the future of the Balkans and Europe as a whole?

[Mitsotakis] In recent decades, the EC was able to reconcile and establish harmonious cooperation among nations and ethnic groups that, in the past, were divided as a result of centuries-old wars. The possibility of having a single economic area and political cooperation based on the principles of a free market, democracy, and respect for human rights, adopted by the EC, is, in my view, coincidental with the concept developed within the EC of being the only possible prospect for the future of the Balkans and the entire European Continent. Nonetheless, this process will be exceptionally difficult, particularly in the Balkans. The people who rejected communist totalitarianism will have to find the necessary strength to reject the historically developed nationalistic trends that could only lead them to catastrophe, and focus all their efforts on economic development, peaceful coexistence, and cooperation. Only thus, after difficult and lengthy efforts, will they be able to join the united Europe that is today being created.

[NOVA MAKEDONIJA] Mr. Prime Minister, is there anything you would like to add about which we have not asked you?

[Mitsotakis] Let me say that our intentions toward Macedonia are good. Our approach is positive. We support the existence of that republic along our border, and we will be very willing to help you survive, provided you meet the conditions that have been set by Europe. I believe this provides a good opportunity for the two republics to live in peace and friendship.

[Box, p 13]

In the course of the discussion, Georgi Ajanovski, on the basis of his personal experience, noted the problems of Macedonians born in Greece who are prevented from entering that country.

Ajanovski: I was born in Voden and, during the civil war, along with many other Macedonians, I left Greece. For more than 40 years, it was not possible for me to visit that area. Why is it that such difficulties and prohibitions are being erected in the area of communicating among people, when it is in the interest of both countries and peoples to have a free exchange of views and contacts?

Mitsotakis: The situation is due to historical developments, with which you are quite familiar. I believe the time has come to normalize our relations. If you were to agree with the Lisbon resolution, I believe we could normalize those relations.

Ajanovski: However, Mr. Mitsotakis, a dialogue requires two sides and no preliminary conditions. This calls for taking bold steps, which would enable us to resolve all such issues.

Mitsotakis: I absolutely agree with you. Daring steps must be taken. This is up to you. We are seeking possibilities. We are completely sincere, and our intentions are the best. The decision rests with you.

Ajanovski: Still, it would be good for both sides to express their readiness to engage in a dialogue.

Mitsotakis: I expressed myself on this subject with absolute clarity!

Macedonian Daily on UK Foreign Secretary's Visit

92BA1240A Skopje NOVA MAKEDONIJA
in Macedonian 19 Jul 92 pp 1-2

[Article by T. Mircevski and S. Jovanovska: "The Recognition of Macedonia Brooks No Postponement"]

[Text] *Douglas Hurd is familiar with Macedonia's firm views on the unchangeable nature of the name. It is the Republic of Macedonia that is most severely affected by the UN sanctions. Damages amount to \$1.3 billion, and \$500 million are needed in urgent aid. Greece must not both participate and judge.*

Yesterday afternoon, the British minister of foreign affairs visited our republic as president of the EC Council of Ministers, within the framework of the efforts being made by his country, representing the Community. During his stay in Skopje, Hurd held meetings and discussions with Republic President Kiro Gligorov and with Denko Maleski, minister of foreign affairs.

In the discussions, which lasted longer than planned, all of the problems, difficulties, and numerous issues that have arisen following the EC Lisbon declaration and the consequences of the declaration were discussed. The British minister was informed that that part of the declaration pertaining to the name change was energetically rejected. That was the unanimous resolution of the entire Macedonian population, regardless of ethnic, political, or any other affiliation.

Once again, this visit indicates that, to this day, the EC is not prepared to engage in constructive discussions because, as Hurd said, he cannot change anything and is obliged to honor and implement the resolutions of the Community. Therefore, the issue of the recognition of the independence of Macedonia, which, through no fault of its own, has been brought to an impasse, remains unresolved. In tomorrow's meeting of the EC Council of Ministers, Minister Hurd would only be able to present Macedonia's firm resolve to be recognized by that name. All of this could be clearly seen at the press conference, which was held by Minister Hurd and his host, Denko Maleski, and attended by foreign and domestic journalists immediately upon the conclusion of the talks.

Weakness of the Declaration

At the conclusion of the discussions and in his statement to foreign and domestic journalists, Kiro Gligorov said that the views of the Republic, the resolution of its parliament, and the thoughts of the Macedonian people, regardless of their ethnic or party affiliation, were presented in their entirety to Douglas Hurd, the British foreign secretary and president of the EC Council of Ministers. Gligorov said that he thinks one can very easily see that no single person and no one in parliament can change something that is linked to the identity and dignity of a people and a state. That part of the Lisbon declaration cannot be accepted by us. That does not apply to the other parts of the declaration, which are good and which we accept, Gligorov said. Those include the guarantee of the inviolability of borders, humanitarian aid, and other things.

That is why, he said, there is no doubt that the declaration is one-sided because of the one-sided view adopted by the Twelve, who have ignored the fact that Macedonia has achieved its independence in accordance with all of the standards of the European view on the seething situation in the Balkans and met all of the stipulated conditions. For that reason, linking recognition to a name and the issue of the name itself could not be considered an official condition for recognition in the past and cannot be one in the present, either. The issue is one of internal relations within the EC, affecting one of its members. However, this is precisely the weakest part of the Lisbon EC declaration because the party involved in the dispute could in no case also act as a judge. Gligorov said he was pleased to hear Hurd say this was not a resolution but was only a starting position of the EC for further dialogue and that discussions must be continued and a solution acceptable to all must be found.

Punishment Instead of Recognition

Gligorov said that, in the course of the discussions, particular attention was paid to the damages suffered by Macedonia and still affecting it, related to the temporary closing of the Greek-Macedonian border and the consequences of this, and the damages caused by the Serbian behavior at the border, particularly those stemming from the sanctions applied against Serbia and Montenegro.

and the Federal Republic of Yugoslavia, which have most direct and most severe repercussions on Macedonia and its economy. Gligorov said that he pointed out that such damages amount to approximately \$1.3 billion and that the daily damages amount to millions of dollars, and that, in accordance with the UN resolution, Macedonia is entitled to compensation for the damages that result from the sanctions. However, he said, no answer has been received to date. Aid is also being asked of the EC and the Group of Twenty-Four concerning their obligations to help countries affected by the war. For that reason, Minister Hurd was told that Macedonia should receive urgent aid amounting to \$500 million. Gligorov said that, so far, humanitarian aid has obviously been only symbolic, and that the majority of refugees from the other Yugoslav republics, 80 percent, are housed in private homes and are being taken care of by people who can barely meet their own needs. Their extreme need and their most exemplary treatment of the refugees indicates solidarity with Macedonia. This has been noted by anyone who has visited that country. He said that is why it is requested that the EC embargo against Macedonia be lifted and that Macedonia be accepted into the CSCE because not only the United States but also all of the other neighboring countries except Greece support the Macedonian request to be accepted into the CSCE. The EC veto has no justification whatsoever. Furthermore, Macedonia should be allowed to participate in the international financial institutions, such as the International Monetary Fund, the European Bank, the World Bank, the EC Investment Bank, and so forth. I believe, Gligorov said, that from everything that was discussed, the recognition of Macedonia brooks no delay, would be in the interest of peace and security in the Balkans, and would prevent the widening of the danger that could develop through Kosovo. It was stressed that, thanks to Macedonia's present behavior, the war did not spread and therefore did not reach our neighbor Greece and the Greek border. In return, instead of recognition, we received the declaration and the demand that we not be recognized by the name we have had for centuries, President Gligorov concluded.

At the press conference, Hurd said that his visit was actually organized with a view to clarifying the background of the declaration backed by the ministers of foreign affairs and the heads of state of the European Economic Community on the recognition of Macedonia within its present borders, but with the demand that Macedonia change its name. Other topics of discussion included the needs of the Republic—of a humanitarian, trade, and technical nature—and, above all, aid to foreign refugees.

After welcoming the guest from the EEC in front of the newsmen, Minister Maleski said that the pressure for an international peaceful resolution of the crisis in Yugoslavia is appreciated by Macedonia. As for the declaration, he informed Hurd that it is totally unacceptable to Macedonia, to its government and its people, and that it could trigger undesirable consequences, adding that, furthermore, the

EEC cannot be a judge in a dispute between the two countries if it identifies itself with one of them. However, because it is time to move from that position, inasmuch as there is no political force in Macedonia that would accept this recommendation and that there is no trust between Macedonia and Greece, he requested that the guest try to promote a rapprochement between the two countries, including their politicians, newspapermen, and so on, in order to establish a better understanding between them. In conclusion, he said that the economic aid discussed at the meeting was not based on a change in the name of the Republic because it has been comprehensively assessed that, without such aid, it would be difficult to develop democracy and a market economy and that the threat of the outbreak of totalitarian alternatives exists.

Asked by the journalists whether the Macedonian issue would be raised again in Brussels, Hurd answered that, for the time being, his task would be to describe his impressions of the Republic, its reactions to the declaration, and its request for aid, and that he was in no position to amend the decision reached at the summit. On the question whether the acceptance of the Greek view also implies acceptance of the theory that Macedonia has territorial claims on that country, Hurd answered that the EEC is not an arbitration court but that, because of the real interest displayed by one of its members, this issue has been debated for many months, without a legal resolution being arrived at but merely pressure to resolve the issue.

Asked by a Radio Skopje reporter about his personal views on such problems, he said that he had come to Macedonia as chairman of the Council of Ministers of the EEC, with a view to finding a base on which the Republic could be recognized and assisted, bearing in mind the interests also of its member Greece. As to the resolution, he said he could neither subtract nor add anything. Then, in answer to a question asked by a representative of Greek television, Mega, regarding whether he could suggest an alternate name, he said that the Lisbon declaration was entirely clear, as was the view and the stand taken by the leadership, and that it is his great wish to find a way out of this impasse. He added that, in Lisbon, no effort was made to find a name other than the one that was preferred at the meeting.

At the comment that he had called the remaining Yugoslav republics by their names while referring to Macedonia as a former Yugoslav republic, he answered that that was the way the Greek newsmen had asked the question and that whatever he was saying now he was saying on the basis of the Lisbon declaration, although, personally, he would prefer that to be based on a treaty. We, he said, cannot find the name for you. You can call yourselves whatever you want, and the Lisbon Council has made clear the conditions for recognizing you. He also said that a similar resolution would be reached in the UN and in the CSCE, rejecting claims that the Twelve not only do not recognize Macedonia but are even blocking its opportunities with other countries outside the EEC. The resolution on the name applies only to the EEC. Other countries can make their own decisions, he said, concluding that the EEC is not trying to resolve the crisis in Yugoslavia, but merely trying to help.

Organizational, Legal Problems Facing Police*92BA1009A Sofia TRUD in Bulgarian 5, 6, 7 May 92*

[Article in three installments by Police Captain Georgi Petrov: "A National Epidemic Has Taken Its First Victims"]

[5 May p 5]

[Text]

They say that diseases are going around the people. Some modern research shows that they are also being spread by institutes, ministries, parties, and movements. Even entire nations are suffering. The pathogenic bacilli have not avoided even the national police. It inherited the old diseases of the national militia, and it acquired some others, but let the reading public be calm. The organization still is hanging on; it is not collapsing.

Self-Critical Journalistic Deficiency

The democratic changes in society and in the system of the Ministry of Internal Affairs have made it possible for many civil servants, without disclosing state or service secrets, to publish their critical opinions and evaluations of the condition of the agencies for security and protection of the social order, as well as to make proposals for improving their structure and organization of work. After the order issued by former Minister of Internal Affairs Mr. Danov to the effect that all candidate publications will be presented for approval (that is, censorship) to the press groups or press centers of the corresponding section or subsection, the writing police put down their pens. They ground some up with their teeth. Has anyone read anything recently from an acting official of the Ministry of Internal Affairs? Materials from the former director of the National Police, from the former commander of the Red Berets, and from the former head of the press center of the Ministry of Internal Affairs were published. Well, others, who emphasize or not that they are using a pseudonym, also are writing. From the rest? Some are keeping quiet, and others are afraid. They are afraid? Why, inasmuch as their pens can only contribute to the development of the democratic processes inside and outside the system of the Ministry of Internal Affairs? Declarations and reports in the name of the Ministry of Internal Affairs, yes! But why not also publications?

Weak Diagnostic-Predictive Activity

For the prediction and implementation of a progressing recovery process both in the human organism and in the organism of the system, department, or ministry, it is necessary to carry out comprehensive diagnostic procedures, on the basis of which the corresponding treatment will be prescribed. It is not known that an investigation of the police has been carried out, according to which it has become clear how many of the civil servants at the moment are barely making ends meet because they cannot work except outside the system. How many have illegal ties to the criminal contingent? How many at the

moment are conjugating the verb "to be silent"? How many civil servants left because they were making good money (and not from wages, naturally) and, at the moment, are opening companies and chains of stores and other enterprises? How many good professionals for one reason or another left the Ministry of Internal Affairs and are leading miserable existences? And how many of those who were fired and have found themselves jobs with two or three times the salary are having a demoralizing effect on those who are still serving? Who knows how many civil servants recently have increased their consumption of alcohol at the expense of the family budget, and how many prefer to take two meals a day in order to patch up the same budget. How many civil servants are there with diseases they have acquired and that have become chronic without their having been treated for them? How many of them are not living to see their pensions? How many of them are on a first name basis with questionable and militarily applied disciplines?

If such an investigation is carried out, the results perhaps will show that the population of civil servants in some of the above-mentioned categories is fairly impressive. These results cannot but cause us to shudder as from cold. But the fact that there are such civil servants from the police, who in the conditions of low social prestige, poor material and technical security, and an out-of-date standard of living are carrying out a quixotic struggle with increasingly more organized crime, will in no case eliminate the shudders, will not warm up and ease the suffering souls of the citizens who expect protection.

"Running From Responsibility" Syndrome

Recently, a minister escaped from his responsibilities, and a colonel shot himself at his home. On the anniversary of his death, his spouse also shot herself. Several years ago, leaders of a capital division ran away from their responsibilities, and an officer of the economic services shot himself in the lavatory. A little later, a sergeant shot himself because his wedding kept on being postponed, and his girl did not want to wait anymore and fell in love with another. There simply was no one to talk with the sergeant and to delicately explain to him how some things are with girls. There are such people. Already there is one less. There are dozens of cases where employees from the militia were punished, discharged, and even brought to court, and for legal actions, because their leaders had not stood in front of them as the "powers that be" stood behind their protegee-violators.

Gentlemen, higher and lower officials of the police, do you take responsibility for the present and the future of your subordinates, or are you thinking only of your self-aggrandizement after they dismiss you, like those before you and like those before them?

A Break in the Police-Investigation Relationships?

The relationship between these institutions may be identified with two spouses who have been tired of each other

for a long time, who periodically separate and then live together again, and all in the interests of their children—the criminal contingent. In the name of the struggle with the increasingly more organized criminal element (what idealists), these two institutions are again in the phase of attraction, but already there is almost no one. Vacancies are opening in the criminal services, and lately no magistrates will have them. They are leaving—some for more money, and rightly so, because they are specialists in their area, and others because of overwork. For the rest, it simply seems that they have been taken by catapulting thoughts. In addition to this, they are working primarily according to correspondence with a known perpetrator. Those with a known one are left up to Providence. However, in contrast to the extrasensory and celestial explosives experts, contact with the police and the investigation is made more and more rarely.

[6 May p 5]

[Text] The political system is changing—a new Constitution is being adopted. The economic system is changing—new economic laws are being adopted. The necessity for change in the normative documents regulating the activity of the national police has become urgent against this background. The Italian, French, German, Spanish and certain other laws for the corresponding police have been translated in order to determine the optimal version of the law for the police. They have been discussed repeatedly at different levels, from departments of the Ministry of Internal Affairs through schools, institutes, commissions, and individual deputies to the Legislative Commission of the Grand National Assembly and the National Assembly. The legislators exerted themselves and gave birth to the organizational law for the Ministry of Internal Affairs. Although there are certain reservations, this is accepted by the staff. Everyone also expected the second step—the law for the police. It was not taken as such, although, from time immemorial, police officials have put in a claim for a law of rights for the police that would enable them to succeed in their battle with the criminal element, but, at the same time, would prevent them from exceeding their rights. A law that will ensure a high initial service authority for the police, with a possibility for its development according to the personal qualities and professional training of the individual civil servant and, at the same time, will provide for its additional improvement in relation to the capabilities and desires of the individual civil servants by way of self-education and training in foreign police schools. A law that will not provide for movement along the hierarchical path to be carried out according to other criteria, except for professionalism as a criterion, and by steps and not by leaps. A law that will guarantee a civil servant who has taken a leadership post by competition a relatively long period of time for activity in which he can think, not of how to save his job but of how to organize his activity and to lead his subordinates better. A law that will provide for earning a salary of which the policeman will not be ashamed before his friends and his family, and that will

not be a prerequisite for the acquisition of additional revenues, including those gained by criminal means. (Lately, there are many examples of this situation.) In this connection, many civil servants are asking who profits from the fact that the personnel are becoming poor and that it is demoralized and criminalized. The most elementary answer is that it is advantageous most of all for the criminal world, which, for a long time, has shown that it walks on two legs before both law-making and law-applying agencies. It is also possible to have other answers to this question, but let those because of whose actions or inaction things have come to their present situation formulate these answers.

The law for the organization of the Ministry of Internal Affairs and the future law for the police propose that a number of interdepartmental instructions and other normative documents, regulating the activity of the ministry and its individual departments in detail, be prepared or implemented. Only a few of the dozens of necessary documents have been prepared. The rest are waiting. And the police wait. And the civilians are waiting for the police. This has produced something like a huge waiting room, almost like that of the Sofia Central Railroad Station (in the comparison, we have in mind the chaos there at peak times).

Anomalies in the System for Training and Promoting Personnel

Prior to 10 November, even the officials at the time had a good idea that, besides the other (known by all) criteria, it is necessary to introduce the competitive principle for filling individual positions, and they set several precedents in this direction. Retirement and dismissal of a significant part of the leadership followed 10 November. The lower ranks, the middle leadership, and the newly created professional unions raised high and waved the banner of the competitive principle. Gradually, the wind of the changes in the Ministry of Internal Affairs began to blow away other banners, and it stopped flapping, folded up, and hid behind the embossed gates of the ministry. There are no competitions. Candidates for leadership posts have no other recourse but to apply the tested old methods (it is known what they are) or to gaze passively upwards to the sky in expectation of the next parachutist. Although this sport is not safe, especially in changeable weather, there are still enthusiasts. It is known that, until several years ago, although pro forma, there were lists with the promising staff members. We say pro forma because a significant part of those who landed in these lists were selected not according to professional, but according to other, criteria. There were also good landings. When a given leadership post was made available in a significant number of cases, it was not those who were fit but those who were convenient who were named. But the plans for work with the promising personnel, as well as the competitions announced from time to time, proved to be part of the theatrical properties for the "path to the level of incompetence" spectacle. It is known that management qualities are not acquired easily. They do not arise with the

presentation of the order for filling a given leadership post as after a pass with a magic wand. These qualities are built up earlier and gradually through the assignment of administrative tasks, assisting in their implementation, and evaluating the ultimate results.

It is precisely this mechanism that was missing before and is missing even now. In legally protected agencies such as the police, if there is no hierarchical continuity on the basis of professionalism and organizational-administrative capabilities, the effectiveness of its functioning would not be optimal. Again, everything would be limited within the framework of the old game with the code name "KK" (staff + a type of ancient dance), and, during this transition period, transitional people would once again occupy a number of leadership posts in the police.

[7 May p 7]

[Text] According to the information services, the number of those who have committed crimes is increasing continuously. The ability to discover the same is decreasing. The criminal world is organizing, and the police continue to be reconstructed. The criminals are armed and furnished with Western motor vehicles, and they offer the police "Suzuki Marutis"—automobiles that, according to Policeman Pesho, are easier to carry on your shoulders than to drive in them (more about this below). Our mafiosi look for and receive assistance from the international mafiosi, while the police officers, sent for training abroad, are quietly discharged without having applied their training. In the world, weapons are given to civilians for self-defense (under certain conditions), and civilian detachments to assist the police are created. In our country, we have broken all connections with society and are methodically taking away the weapons for armed defense. The application of specific police methods and the means of uncovering the perpetrators of crimes are being perfected and strengthened everywhere. We abandon them and keep depending primarily upon our muscles. But our muscles are one thing....

It is known that prevention facilitates the practice of law. Whereas in the world measures are being strengthened and police units for controlling juvenile and adolescent criminality are being improved (perhaps there it is being considered in a statesmanlike fashion), in our country the idea of removing children's classrooms from the system of the Ministry of Internal Affairs (there were no facilities for parallel social structures) is being promoted vigorously. In spite of the occasional recognition of the necessity of the existence of an appropriate structure in the police for working with youth and adolescent citizens as a subject and object of crimes, as their functions will be regulated by new laws, the question of the possibility for departmental and extradepartmental pseudosociologists to give birth to the desired offspring becomes imperative. The reason for the doubt perhaps is concealed in the fact that either they have changed the age for giving birth, or they are unisexual. All kinds of police

have been created—national, INTERPOL, criminal, economic (now with another name), road, highway, and several other kinds. The creation (if it has not been done already) of a sanitary, fish, and all but ethnic (in Vidin) police is in store for us. Perhaps the dictionary will be enriched. However, a children's or youth police is not envisioned anywhere. There is no reason to think about the children because possibly already they are not the future of the nation. Or, if so, it will be better to deal with some other agency and not that which is designed for it. The problem may be related to the position of an ostrich in a condition of stress. For those who are clear about the matter, we have the following case: Is it expedient, instead of a group of 10 effective workers in criminal matters and one inspector for juvenile crime, to have 10 inspectors for juvenile crime and one experienced in criminal affairs!? Will we really eliminate criminality in this way in a few years?

For "Mercedes" or for "Maruti"

Twenty "Mercedes" automobiles were presented by the Presidency for use by the police. It proved to be excessively prestigious for a policeman to drive such a car. To increase the quantitative mobility of the police, the Mercedes automobiles were replaced by a larger number of small and neat "Suzuko Marutis." Someone made money in the deal, but not the police. Articles have already been written about them, and it is the truth that they cannot carry two uniformed patrol policemen, let alone an arrested person also. On the other hand, the Marutis now are increasing the mobility of the officials in the ministry. They have left the regular Russian automobiles for double, triple, and so forth use to the policemen in the units. That is, one and the same automobile is a patrol car at night, is an operations vehicle by day, and often also is used for monitoring. Sometimes even the officials finish the arrangements for it. The black departmental humor says that one such car with many drivers is something like one wife (excuse the expression) with many...It is quickly amortized. The difference is that the wife may be replaced, but the car—try it!

There are no fast automobiles, no telephone equipment or radio stations in the units. There are no bullet-proof jackets, gas pistols, notebooks, or a number of other normal police attributes, and we shake our fingers threateningly at those whose addresses have been temporarily registered on Magura Street and at the ancient fish from the corner stands. Surely because neither the fishhooks nor the bait are suitable for the big ones. They swim peacefully.

What Color Are the Police?

The police are officially depoliticized. However, the depoliticization began long before 10 November. The peaceful course of all changes up to now is a proof of this assertion, changes that would have been impossible without the participation of the agencies for preserving social order. Inexplicable, therefore, is the presence of

fear of retribution for political reasons, which has been instilled in a significant part of the staff—a fear that, in spite of repeated refutations on the part of senior officials of the ministry, has not ceased, perhaps because they are not sufficiently categorical or because of the indirect nature of the contacts of the leadership of the Ministry of Internal Affairs with the personnel. Let those who are fanning the rumors of persecution for past party membership know that, long ago, for the members of the police, the pain from the violated honor, from the violence exerted on the personality, from the pillaged property, this pain does not have a color for them, and the police themselves from time immemorial have pledged allegiance to the tricolor. And, if the leadership of the ministry does not strongly and categorically refute the rumors of the existence of other criteria for dismissal from the agencies of the Ministry of Internal Affairs, except for the lack of professionalism, it risks the appearance of a concealed politicization, which would inevitably be reflected in the quality of the performance of service duties. The psychologists among the leadership of the ministry, if there are any, would confirm this hypothesis.

In conclusion, except for several replaced ministers, several changes in the leaders of the central and regional divisions, certain changes in the Ministry of Internal Affairs, and several introduced Western automobiles, other more significant changes, more significant healing processes in the system of the police are not being observed. Perhaps the organizational law for the Ministry of Internal Affairs that has been adopted is such a change? No, because it has been attacked by both the leadership of the ministry and by the professional unions. Perhaps the new law for the police? Again, no, because there still is not one. It is obvious that the organism of the police still is suffering and has no prospects for being cured soon, surely because either the diagnosis made is erroneous or the medicine prescribed is ineffective. Perhaps both?!

Chairman of Private Producers Union Interviewed
92BA1034A Sofia IKONOMICHESKI ZHIVOT
in Bulgarian 13 May 92 p 2

[Interview with Dobromir Gushterov, chairman of the "Renaissance" Union of Private Producers, by Vasil Aleksiev; place and date not given: "Still in the Role of 'the Stepchild'"]

[Text] [Aleksiev] Mr. Gushterov, in a previous conversation you said that the private companies are still in the role of the "stepchild." Do you still support this assertion?

[Gushterov] Yes, completely! Something more. The experiments and declarations of the governments up to now that measures are being taken to untie the hands and free the initiative and drive of the people have remained only wishes. The economic bureaucracy and the economic conservative structures still are untouched,

and visible changes have not begun. And the period after the creation of our "Renaissance" Union, in which private business existed or, more precisely, just managed to survive, definitely proves my position. I am deeply convinced that, in the current political and economic situation, it is very hard for anyone to be able to help the small and mid-sized private businesses because, first of all, it is necessary to have a clear vision, a detailed clarification of the interactions and interconnections between all economic subjects of our economy in order for them to be developed and become the backbone of a future economic structure.

[Aleksiev] As far as I understand, you are pressing for the development of a comprehensive plan of development of small and mid-sized business in our country.

[Gushterov] Of course! We are. We want and are striving to assert our place in the economy of the country. However, at the same time, we find ourselves in a vacuum between the state enterprises and organizations, the legislation, public opinion, and the different attitudes of the individual political forces. This also was my position, which I expressed in the meetings with Mr. Zhelyu Zhelev on the problems of the private sector. And, without working out a clear plan of development of small and mid-sized private enterprises, but not in the spirit of those who created the former Bulgarian Industrial Economic Association (BISA), the result would be zero.

In my opinion, the greatest problem is the lack of interest and, to a great degree, a desire for creating conditions and prerequisites for normal development of the private sector in our country. And that is understandable because we are concerned with the initial stage in which we find ourselves in the transition to a market economy. Up to now, no one has been burning with a desire to create the economic freedom so necessary for private business as a unique basis for everything else. On the contrary. Again, we have a struggle for power, for setting individual economic structures within a definite framework of dependence on the relevant ministries or departments. However, this is an objective process. The important thing is not to continue it fatally long, which would destroy even the small private companies that, for the time being, are still keeping their heads above water, with a great deal of effort.

[Aleksiev] You said that there is no interest in working out a national program for development of small and mid-sized business. Why then does the "Renaissance" union not become the initiator for the solution of this problem?

[Gushterov] For more than a year and a half, we have been pressing for the development of this program, to no avail. Why? Because this task is beyond the abilities of the associations of private businessmen. None of them have the right to legislation initiative, nor do they participate in the executive power. That requires

involvement and intervention on the part of the government, the parliament, and the labor unions, of course, and our very strong participation. The important thing is to convince these parties of the necessity of this program. We ourselves even have a certain naivete because we guard our independence very jealously, without seeing our place in the overall strategy for changing the system and coming out of the economic crisis.

Now, irrespective of all that we are saying for a market economy, for private business, and so forth, I am not convinced that everyone wants this market economy, or even believes in the force of private initiative. I will not say that, in my opinion, there is a secretly declared war against us. Opportunities for slander and obstacles are being found constantly. And, judge for yourself, the sins and violations of the state enterprises and organizations are hushed up. And, not only that—an opportunity to assist them is found, debts and defaults are forgiven, violations in financial and contract discipline are passed over, and so on. But the private businessman is always a target, and his every step is scrutinized under a microscope.

[Aleksiev] In your opinion, how will the restitution and privatization be reflected in private business?

[Gushterov] If you are wondering if it will increase the relative share of the private sector in the national economy, then the answer is one thing, but, if we are talking about small and mid-sized business, I can definitely say that privatization will not help it significantly because privatization is denationalization, and we are not avoiding this word because it is the logic of the laws that are being passed in parliament at the moment. Again I support what was said in your journal: A racehorse cannot compete with a just-born foal. As far as restitution is concerned, it is more of a property nature.

[Aleksiev] Mr. Gushterov, would you say a few words about your company?

[Gushterov] Our company is the Orel Insurance Company, which employs approximately 2,250 people. It has 70 offices in the county, combined into 26 branches. We

perform a full range of underwriting, combined with a serious and stable reinsurance program inside and outside the country—that is, our clients are guaranteed three ways. The company operates on the basis of comprehensive mathematical and statistical analyses, research, and professionalism of the personnel.

We carried out two sociological investigations. The beautiful thing is that the research conducted several days ago showed that our company is in second place with respect to popularity and coverage in the insurance market of the country. This unquestionably is a good testimonial for the quality of our work.

At the same time, the sociological research shows that insurance is not a taste suited to every palate. It is obvious that the lack of financial means is the most important reason that companies have been holding back from insurance up to now. That is why the strategy of the insurance companies remains an open question, in order for them to be able to cover both the starting companies and the not-yet-prospering companies.

[Aleksiev] Can you talk about the loyal competition?

[Gushterov] Definitely not! There is no loyal competition in Bulgaria. The competitive struggle in the market economy has developed very barbarically in our country. It is not by accident that the National Assembly created this commission, which, in my opinion, will have a lot of work in the future.

The former state insurance institutes are very jealous of competition in an area in which, up to now, they were monopolists. In general, it is hard to accept new things, but, at present, it is a process of disturbing the inertia in the insurance business. This is a prerequisite for the appearance of real competition in this area, especially because the Law for Competition is already in the National Assembly and will regulate matters. Thus, in my opinion, the blows under the cross are superfluous because 73 percent of the Bulgarian insurance market is still not covered.

[Aleksiev] Thank you, Mr. Gushterov, for the comprehensive answers.

Moravcik Views Foreign Response to Partition

*AU2107111892 Bratislava NARODNA OBRODA
in Slovak 16 Jul 92 p 5*

[Interview with Jozef Moravcik, minister of foreign affairs, by Alexander Polakovic during the recent CSCE summit in Helsinki; date not given: "The World Understands Us"]

[Text] [Polakovic] One of the things you discussed in a meeting with President Vaclav Havel here in Helsinki was the situation in the CSFR after the elections, particularly the new constitutional arrangement. What was the U.S. delegation's attitude toward the developments in the CSFR?

[Moravcik] President Bush confirmed that the arrangement of relations between the republics is the CSFR's internal matter and that the United States will accept any solution that is reached through democratic means. According to his promise, the United States will help solve problems that may arise in this process.

[Polakovic] From this perspective, the bilateral talks here in Helsinki have apparently made the situation easier for us or, as Michael Zantovsky, the CSFR president's spokesman, put it: The world will not be surprised.

[Moravcik] This is really very important. The world is beginning to understand the problems that arose and the circumstances that accompanied them. President Vaclav Havel played a very positive role by objectively informing our partners about the situation in our country.

[Polakovic] To what do you attribute this change of attitude toward our internal political developments? Until now, the reactions have tended to be quite different and there was pressure to preserve the federation.

[Moravcik] They apparently carried out their own analyses, after which they arrived at the opinion that the situation in our country has evolved in such a way that matters need to be tackled in a principled way. Now that this has been confirmed from the highest quarters, this new attitude is quite natural. Even the CSCE mechanisms that are now taking shape are aimed at the preventive elimination of flashpoints of tension. After receiving assurance that the new arrangement in our country is being prepared in a constitutional way, they arrived at the conclusion that the solution to this problem could contribute to the stabilization of the region. Among the entire pleiad of statesmen, the only exception was Polish President Lech Walesa, who declared that he does not believe in peaceful divorces.

[Polakovic] Did he give his reasons?

[Moravcik] No. It seems that he arrived at this opinion on the basis of his own intuition.

[Polakovic] Did he cite the example of Yugoslavia in this context?

[Moravcik] Yes, he did mention such a development. We tried to persuade him, and President Havel stressed that throughout history there have never been problems between our two nations that would provide grounds for such excesses. All the other leaders expressed regret over the possible partition of the CSFR, but they stressed that this was our internal affair and that they would help both republics overcome difficulties stemming from the partition. EC Commission President Jacques Delors and the other members of his delegation expressed a very constructive position.

[Polakovic] The EC's attitude is important for our future. In the event of the CSFR's partition, the process of ratification of the EC Association Agreement will probably slow down and it may be necessary to renegotiate the agreement. Could Slovakia fall into a less advantageous position in the process?

[Moravcik] I am confident that Mr. Delors and the entire EC Commission will not differentiate between the two republics, which they clearly confirmed to us in bilateral talks. They will examine the conditions for EC admission by each republic and, depending on the degree of the fulfillment of those conditions, they will conclude an agreement. A renegotiation of the association agreement could, however, be considered in the event of the federation's complete partition. If a commonwealth [spolocenstvo] of states were created that would coordinate economic policy to the same degree as the EC, then the agreement would not have to be changed. I explicitly asked this question and received an unambiguously positive reply.

In the event of a renegotiation, we would have to reckon with competing interests of individual countries regarding steel exports, for example, and the terms in this area would not be as advantageous as those agreed upon now.

[Polakovic] What would happen to our foreign missions abroad in the event of the state's partition?

[Moravcik] There are several possibilities. One of them is that both heads of state would entrust the same person with discharging diplomatic functions. Another possibility is an agreement between the two republics to establish in some countries embassies that would also represent the other republic's interests. This is a common practice in the world. Separate embassies could, for example, be established in countries in which each republic would have its own interests, such as the 12 EC countries, EFTA countries, the United States, Russia, Ukraine, Japan, and the like.

[Polakovic] Two dates are being mentioned within the framework of agreements between the Movement for a Democratic Slovakia [HZDS] and the Civic Democratic Party [ODS] regarding the constitutional arrangement—

September 1992 and January 1993. How will these stages affect the foreign policy sphere?

[Moravcik] My idea is such that as long as the Federal Ministry of Foreign Affairs exists, we will continue implementing the foreign policy of the federation and, at the same time, in cooperation with the republican ministries of foreign relations. We will coordinate their activity so that the necessary changes from the constitutional arrangement are carried out smoothly. This will not be easy, but it is not impossible. The other aspect of our work—one that we have already started implementing—is to explicate the development in the CSFR and to win our partners' support.

The third aspect of our foreign policy is the creation of international guarantees, lest the change in the constitutional arrangement bring about destabilization in Europe. This is a preventive function related to the activities mentioned beforehand. In this regard, we can make use, apart from other international institutions, of the CSCE, which represents an appropriate platform for reaching this objective. Our policy will be guided by the principle that no matter what constitutional arrangement is adopted, it should not jeopardize the integration processes in which we are involved.

[Polakovic] How do you view our future relations with Hungary, especially regarding the question of national minorities?

[Moravcik] I want to meet Minister Jeszensky as soon as possible. One can say, briefly, that the question of national minorities falls primarily within the jurisdiction of the Slovak Republic and that we intend to deal with the rights of the Hungarian minority at the level of the European standard. This problem is being exaggerated, in my opinion, which is why we want to maintain it at a multilateral level. We accept the degree of knowledge accumulated in Europe as expressed in international documents. We will respect these documents and, in some instances, we are ready to go beyond their framework. We will, naturally, also respect Hungarian proposals, should any be made, provided that they fit into that European standard.

Jaroslav Sabata Becomes HZDS Adviser

92CH0768A Bratislava *TELEGRAF* in Slovak 4 Jul 92 p 1

[Unattributed article: "J. Sabata Becomes an Adviser"]

[Text] The Chairman of the CSFR Federal Assembly, Michal Kovac (HZDS [Movement for a Democratic Slovakia]), yesterday named Jaroslav Sabata as his political adviser.

In the government of Petr Pithart, Jaroslav Sabata was a minister responsible for, among other things, contacts of the Czech government with the Slovak government. In his own words, he has very friendly relations with Slovak politicians, including Vladimir Meciar. He said that

Meciar's HZDS has greater understanding for the demands of Moravia than most of the Prague political figures. "What the Slovaks want does not impinge on our ideas," he stated. He added that the federation in the current form will certainly not continue to exist. The union of two states is an acceptable model for J. Sabata. According to him, the independence of Slovakia does not have to mean a complete break. The presidium of Civic Movement has requested that J. Sabata resign from the OH [Civic Movement] in connection with his discussions with the chairman of the HZDS, V. Meciar. Sabata agreed to this request.

KDH Statement on Rejection of Declaration

AU2107121692 Bratislava *SLOVENSKY DENNIK* in Slovak 17 Jul 92 pp 1-2

["Statement" by Christian Democratic Movement deputies in the Slovak National Council issued in Bratislava on 16 July 1992]

[Text] Christian Democratic Movement [KDH] deputies in the Slovak National Council did not endorse the Slovak government's policy statement and, thereby, did not express confidence in Mr. Meciar's government. We also disagree, for the reasons cited below, with the Declaration on the Sovereignty of the Slovak Republic at this time and in the manner proposed by the victorious Movement for a Democratic Slovakia [HZDS]:

1. The sovereignty of the two national republics (including the right to secession) is expressed in the valid CSFR Constitution, which is why such a pompous gesture reminds us of breaking down an open door.
2. The declaration, together with the Constitution of the Slovak Republic to be adopted subsequently (by the end of August), is the first step toward Slovakia's speedy independence, for which we are currently unprepared (as Prime Minister Vladimir Meciar has himself noted).
3. Instead of soliciting in a referendum the view of citizens, who will be most palpably affected by the economic and social repercussions of these steps, the citizens will be exposed to the risk of a decision made "about us, without us." The right of citizens to decide their future before political representatives make irreversible decisions about our future must be preserved.
4. In his closing statement in the Slovak National Council on 15 July 1992, Vladimir Meciar conceded that, during the talks with the Civic Democratic Party [ODS], the HZDS raised the question of the CSFR's constitutional arrangement, for which it had no mandate from the majority of the citizens of Slovakia. The Czech representation did not accept the proposed confederative arrangement. The unilateral declaration of sovereignty is therefore the first official step toward partition of the common state. This unilateral step taken by the Slovak Republic could provoke a negative response in Europe and the world and could create an unfavorable position for us at talks on the CSFR's succession rights

and duties in international relations. Mr. Klaus has already advanced the offer of the Czech Republic's readiness to assume all obligations of the CSFR.

5. In the preceding period, in its draft treaty between the Slovak Republic and the Czech Republic and in the submitted draft of the constitution of the Slovak Republic, the KDH expressed its will to bring Slovakia's sovereignty to fruition and the will for Slovakia to work independently in the European integration process. However, in the past we did not meet with sufficient understanding for these proposals on the Czech side nor unity of political forces on the Slovak side. The course of action proposed by the KDH, with a different timeframe and without unilateral steps, would not have exposed Slovakia to the economic, political, and security risks to which it will be exposed by the solution being proposed today.

The cause of Slovakia's sovereignty lies at the heart of our national program and is for us, as for all Slovaks, a matter of principle. We are in favor of a sovereign Slovakia, but we are not indifferent about what sort of sovereign Slovakia it will be. Because there is a danger now that tolerance and peaceful development will not hold sway in Slovakia, we cannot support the prepared Declaration of Sovereignty if we are to act responsibly regarding Slovakia's fate, and we will not vote for it in the Slovak National Council.

'Almost 70' Slovak Communities Without Mayors
92CH0768B Bratislava TELEGRAF in Slovak 4 Jul 92 p 14

[Interview with Stanislav Becica, director of the Internal Affairs Department of the Slovak Republic Ministry of the Interior, by Zuzana Zemlova; place and date not given: "Agitation in the State Administration"]

[Text] The news that there are currently almost 70 towns without mayors in Slovakia had a shocking effect on most people. We talked about this problem, which has made it all the way up to the Presidium of the SNR [Slovak National Council], with Stanislav Becica, the director of the Internal Affairs Department of the SR [Slovak Republic] Ministry of the Interior.

[Zemlova] There had been rumblings about this in the background, but this number is indeed too high for us to take lightly as far as what it means for the smooth functioning of towns in Slovakia.

[Becica] First it is necessary to clarify the question in one area, which is that the Presidium of the SNR calls new elections for the mayor in towns where the mayors have left their jobs. This high number of new elections of town

mayors is a result of an extended period of time, from December of last year up through the end of June of this year, when we could not have new elections for town mayors because of the parliamentary elections.

There will be new elections in 72 towns on 19 September 1992, and in seven towns they will also elect the deputies for local representation. As far as the fact that the town mayors are leaving their jobs, this problem can be explained by three reasons: death, which is a natural phenomenon; resignation due to ill health or family reasons; and, in the third case, a decision by the local representation on electing a new mayor. The most cases (48) are because of health and family reasons.

[Zemlova] What is your personal opinion about this massive disappearance of the town heads?

[Becica] The fact is that the job of town mayor is not a simple one. Mainly, it makes demands on the total person since in the majority of cases the work hours are unlimited, from morning until night, including Saturdays and Sundays. Another problem exists economic reasons. Because one cannot rely on the subsidy from the state budget, it is necessary to look for entrepreneurial opportunities. We have to recognize that not every mayor has such opportunities, or, in some cases, is not up to exploiting them. This is not the allocation system that we once had with the national committees. Then many mayors had a certain level of support in the superior agencies, in the okres and kraj national committees, and in part even at the Ministries of the Interior and Finance, from whom they received certain financial resources. Today this is missing, and every town must manage with what it produces itself, and with how it is able to organize entrepreneurial activities itself.

[Zemlova] There is also talk about premature elections for local representatives. What do you know about this?

[Becica] We have not heard anything about this yet at the Ministry of the Interior. The basic orientation line for all of us will be the program announcement of the SR government, and we assume that it will also cover the questions of settling the organization of the agencies of state administration and town self-government. Obviously it will involve bringing the state administration back under one roof, since in fact it is currently very fragmented and broken up. By creating independent agencies of the local state administration, it will also require not only a larger administrative bureaucracy, but also support and service personnel who have likewise increased. It is also expected that there will be a change in the territorial and administrative organizational divisions of the SR and that the state administration will likewise have to adjust to that.

Antall, Fur Address MDF 'Village Days'**Antall, Csurka Speak**

92CH0764A Budapest UJ MAGYARORSZAG
in Hungarian 6 Jul 92 pp 1, 4

[Report by Zsolt Nemeth and Adrienn Demeter:
"Lakitelek Weekend Devoted to Politics: 'We Must
Radiate Strength and Confidence'"]

[Text] The highlight of the program for "Village Days" held in Lakitelek last week was the forum entitled National Anthology. In it, political figures of national renown addressed a rally held Saturday evening at Toserdo, a local forest. In words that often were dramatic, the speakers addressed all individuals, not just the audience attending the rally. By formulating the timely issues of vital importance, they also sent a message to those who were absent. The forum continued late into the night. Its speakers were Jozsef Antall, Sandor Lezsak, Istvan Csurka, Lajos Fur, Andras Balczo, Imre Sinkovits, and Levente Szorenyi.

Sandor Lezsak welcomed the several thousand people who attended the rally, and greeted separately the arrivals from Subcarpathia [Transcarpathian Ukraine], Transylvania, upper Hungary [Slovakia], the south [Yugoslavia], as well as from Western Europe and overseas. Sandor Lezsak raised the question of what kind of account could be rendered now when we are living in a country where the president of the Republic is infringing the Constitution; where mudslingers, and those who attempt to undermine our self-confidence, are rewarded with publicity and louder applause? But he also specifically emphasized that the large number of people attending this rally proves that in this country we are still able to renew our strength time and again, and to send messages of encouragement to the faint-hearted.

At the rally, Jozsef Antall said in part: "Regardless of the hard times yet to come, and of the difficulties behind us, no one may regard dedication to the nation as an outmoded idea. Anyone who refers to it as nationalism and backwardness does not know what he is talking about."

Among other things, the prime minister pointed out that we must radiate strength and confidence, despite all our difficulties and troubles. After all, what has been accomplished in this country during the past two years is by no means little. Our indebtedness has not increased, despite the newly acquired loans. Indeed, our net debt has declined—a reassuring fact—as a result of which the world now regards Hungary as creditworthy. That also guarantees our country's ability to start catching up now with the developed countries of Europe.

Assessing at midterm the government's performance in office, Jozsef Antall expressed his conviction that the Hungarian Democratic Forum must complete the road it has begun. He emphasize that despite the serious problems and difficulties, nation-building is nevertheless

proceeding, and it is by no means negligible that all this is happening in peace. He warned that the struggle in East and Central Europe has not yet ended, and therefore it would be unfortunate if the Hungarian people were to fail to notice what is happening in the world around us.

Imre Madach, the prime minister said, cast Lucifer in his masterpiece because he knew that Yes and No were inseparable; that progress required negation, which also means criticism and admonition. But a nation in which negation becomes a guiding principle, and which can fall into the hands of little Lucifers, can never advance, the prime minister added.

In spite of its problems, Hungary is a stable country. It is acknowledged in the West, and envied by the former socialist countries. At the same time, a pessimistic mood prevails at home. Just as it did around the millenium, which public opinion has belatedly recognized as a period of growth. However, the difficulties of everyday life generated a justified bitterness then as well. Hopefully, posterity will rate more favorably than the contemporary assessments in the present pessimistic mood. But, Jozsef Antall pointed out, we already know that we have nothing to be ashamed of. Just because we are a small nation, our nationalism is not yet harmful if it manifests itself in that we, too, are self-confident, like other peoples. Yes, we do need national awareness. Come what may, we must be confident, and we must boost one another's confidence and persistence. Dedication to the nation must be perpetual in everyone's soul; it must not become transitory fashion, warned the president of the MDF [Hungarian Democratic Forum].

Recalling 1990, he noted that Hungarian Television had not deemed it important to broadcast the first freely elected government's swearing-in ceremony, nor the prime minister's introductory speech. In Hungary, he added, there is indeed freedom of the press. No one has reason to fear any threat to that freedom, or to constitutionality, from the government or its prime minister. The Hungarian people must not repeat its pre-1914 mistake, when it failed to notice the dangerous problems, what was happening, and what was brewing around Hungary. We must realize that the struggle in East Europe is not over. There is now a most pressing need for dedicated nation-building, capable of rising above all disappointments. We will not let ourselves be influenced by extremes on either side. The extremes live off each other, and sometimes finance each other.

In conclusion, the MDF president reminded his audience that the significance of what Lakitelek stands for is familiar to the entire world. The world is aware that the problems have not been caused by the [Hungarian] Democratic Forum. This, in its turn, makes it likely that foreign countries will continue to support Hungary's transformation.

In his speech spiced with humor, Istvan Csurka called attention to the fact that the old Communist leaders, who undeniably had brought the country to the brink of

bankruptcy, have not been the targets of any criticism since then either. No artistic work has emerged in recent years that would have focused on the dishonesty, as well as the danger, of the Communists' present behavior. Anyone who dares to speak of this today is immediately accused of conducting a witch hunt.

Istvan Csurka asked: What is bolshevism? It is ability to undergo metamorphosis, and the intention to gain and retain power. Cunningly, on the basis of their expertise, the transmuted Communists must not be allowed to gain power again! Knowing that repetition is very effective, they have been hammering it in since the elections that the government will fall. But we would be making a mistake if we were to forget what they did in recent decades. Yes, it should be a goal to ban Communists from power, Istvan Csurka said.

Actor Imre Sinkovits dwelt on the formation of the MDF in Lakitelek and the events preceding it. In his speech, which contained light moments, emotions, and sober criticism as well, he recalled the Lakitelek speeches in 1987, concluding that the goals set there are still timely, and that the difficulties predicted then actually exist and must not be forgotten.

A great responsibility rests with the media, and it is saddening that the level of the national media keeps declining, professionally as well as in terms of integrity. The mispronunciations of today's radio reporters, their loose syntax, their shallow and improper Hungarian usage grate on the ear and are worrisome. That, too, is a result of perfectly functioning counterselection, said Imre Sinkovits. In conclusion, he added that he did not wish to offend the persons concerned, and merely requests them to bear in mind that they must fulfill their important roles not just here at home, but also in the lives of the ethnic Hungarians living beyond our borders. No interest can be placed above patriotism, he said at the end of his speech.

Levente Szorenyi formulated the importance of respect for our history. For, as he put it, our future resides in our past.

Pupils of the Csoma Korosi Sandor School in Kovaszna [Covasna] also performed before the forum entitled National Anthology. In a moving arrangement, they demonstrated their struggle for survival; for the preservation of their national identity.

Fur's Speech

92CH0764B Budapest UJ MAGYARORSZAG
in Hungarian 6 Jul 92 p 4

["Edited" text of speech given by Lajos Fur, minister of defense and vice president of the Hungarian Democratic Forum, at Lakitelek on 4 July 1992: "Democracy That Reflects the Will of the People!"]

[Text] Defense Minister Lajos Fur was also a speaker at the Saturday evening forum entitled National Anthology.

The MDF [Hungarian Democratic Forum] vice president's speech was well received by his audience. Below we present the edited text of his speech.

Dear Friends:

Some speakers this evening recalled the past. Another speaker dwelt on one of our most serious domestic problems—the prevalence of negation, and the proliferation of small Lucifers. By way of introduction, allow me to indulge in reminiscence as well, not about Lakitelek, not about what happened here in 1987 and 1988, but about the two most important personal experiences of my life—about events closely linked also with my present profession. One occurred in February 1991, the other, in June of that year. In February, in the banquet hall of the Intercontinental Hotel, it was my good fortune to be one of the signers of an historical document declaring the cessation of the Warsaw Pact Organization. Opposite me sat Marshall Yazov, the Soviet defense minister. I saw his bitter face and preoccupied gaze. He is sitting even today, but not opposite me. The other great experience of my life occurred in June. On that inexplicably wonderful, exciting, thrilling, and unforgettable day when, at 1930, Hungarian Television's program began with my modest words: "Respectfully and with head erect, I report to the nation that, in the person of Lieutenant General Shilov, the last Soviet soldier has left Hungarian territory, this afternoon at 1500." I am telling you all this not for effect, but because also then, as well as on numerous occasions since then, I have seen in print, and am hearing everywhere, in the media, on public transport and in the streets: And so what? How much have we benefited from that? Do we have more bread? Are we getting more pay? Are prices lower? Has gasoline become cheaper? Is there less unemployment? And so on. Obviously, these are startling questions. And if we consider them just superficially, we might even say that the parroters, questioners, doubters and skeptics are right. Nobody stops to think what the absence of independence meant during the past 40 years, by how much our bread shrank or the country's situation worsened. Nobody talks about this, nobody thinks of it? Let us not forget—and this is what I wish to impress on your minds—let us never forget for a single minute that everything an establishment serving foreign interests did in this country, and to this country, during the past forty years was due to the absence of independence. They demolished this country's system of ownership! They took away the property of not only the large landowners and capitalists, but also of the small peasants—of everyone! They destroyed the entire previous economic system, the entire society, the cultural institutions, and every level, form, and content of public education because the country was not independent! We are 50 years behind Europe, because they destroyed everything! And now, after a gap of 40 years, we have to start from scratch to rebuild somehow what has to be restored, so that once again, and even by European standards, we may become a nation in this region that is worthy of its

history, and of belonging to the commonwealth of happier European nations! That is what independence means.

Now, amidst all our misery, we must gradually create a system of ownership in this country. That in itself is a formidable task. They saddled the nation with 20 billion dollars of debt and created an unsuitable industrial structure that we are now forced to dismantle, because nothing else can be done with it. All that is a consequence of our lack of independence. We were unable to manage our own fortune.

I am not relying on rhetorical effects. Look at neighboring Austria! At the beginning of this century, Austria was still standing where we stood. But look where Austria is today. Look at the villages in Burgenland and compare them with the villages in Hungary, two kilometers to the east! That is the difference between the consequences of existence and the absence of independence, respectively.

Now, just the other day, I heard that there will not be more bread, depending on who heads or works for the media. On first hearing, that sounds realistic. After all, who reads what newspaper or who reports what news in a Békés County newspaper will not make a loaf of bread any larger, because the loaf's size will depend on man's creative work. However, it is not all the same to a nation what news it is being force-fed from morning until late at night. Whether or not all one hears the whole day is that everything is hopeless, everything is bad, and nothing is succeeding, or that we Hungarians are in deep trouble, beset by many problems and misery, we must intensify our efforts to extricate ourselves from this terrible situation, into which recent decades plunged us. We have to point to the past, not in order to turn back, but to be able to move ahead! That is why we have to talk about it! And that is why honest, objective, and independent assessments are needed to reveal the actual situation, and to truly enable the nation to stand on its own feet.

In Dregelypalánk I spoke of György Szondi's heroism. If this people, this nation, had the strength that enabled 150 men to oppose a Turkish army 10,000 strong, and to sacrifice their lives if necessary, does it lack the strength today to extricate itself from the terrible crisis into which the previous communist system plunged us? All it takes is strength, confidence and a bit of encouragement. Nobody requests that the truth be falsified; that the country delude itself with false hopes. Nobody wants the media to paint everything in glowing colors and to embellish the truth. But neither should anyone tell lies in any direction. The main task is to reveal the truth, but in a way that will enable us to draw strength from it!

My friends, we are democrats, believers in law and order, in legality and civil rights. And within that, we also believe in freedom of the press. That is what we want and desire; never that someone should turn these tools against us or our democracy. We will not allow that to happen and will not tolerate it. Yes indeed, we want a

democracy that reflects the truth and the nation's will. I believe that we all want this. I believe that in a year from now, when we meet again in Lakitelek, I will be able to report to those present, respectfully and with head erect, that falsification, mendacity, and spitefulness have left the territory of Hungarian public life during the past year! I will be able to report that truly honest and humane words, pure and honest public intentions, have prevailed in Hungarian public life! I will be able to make such a report, because that is what we want, and that is what we will be fighting for in the coming months and years, no matter what the pessimists are croaking. I believe that there will come a fairer and more Hungarian period in this country. Let the pessimists croak, but I still believe that there will indeed be a happier Hungary, in spite of them! To end my speech, allow me to quote from a poem by the amazing Ady: "Either we will be fools, and will perish to the last man, or what we believe in will become reality. Either Hungarian words will acquire new meaning, or mournful Hungarian life will remain what it was."

I believe that these Hungarian words will acquire new meaning!

SZDSZ's Rajk on Antall's 'Dangerous' Game

92CH0972B Budapest KRITIKA in Hungarian Jun 92
pp 22-23

[Interview with Laszlo Rajk, leading member of the Alliance of Free Democrats, by Gyozo Matyas; place and date not given: "Only Now Have We Become a Real Alliance"]

[Excerpt] [passage omitted] [Matyas] Many people think that the MDF [Hungarian Democratic Forum] group, once regarded as extremist, moved long ago to the center and now dominates coalition politics.

[Rajk] It is an indisputable fact that the game Antall plays very much reminds one of the Kadar legend. He was the great chess player who cleverly maneuvered the pieces for some 30 years. It is also an indisputable fact that this game began when Antall largely forced the MDF's populist wing out of the government and at the same time surrendered the entire party structure to these individual players. This game is very dangerous because it becomes more and more apparent that the populists impose their will on Antall, too. The question is how long the instinctive disagreement over Antall will last with the opposition parties, and when does he begin to count on them to try to oppose these efforts.

[Matyas] This is an important issue. After all, atrocities that can be linked to demonstrations by MDF populists occurred during the 15 March festivities, for example. Only the MDF's liberal wing dissociated itself from organized antitelevision protests. Two members of this faction announced they remained in the minority. This battle for radio and television is not impulsive. In a time of political apathy, small parties can boost their power and significance if they wield influence over the news

media. As a member of the Culture Committee, you serve as a frontline soldier in this war.

[Rajk] I would note by way of introduction that after the formation of Parliament a bone called the Culture Committee was actually thrown to the MDF populists. Naturally, I don't include Ferenc Kulin in this group because, in general, he tries to curb wild bursts of activity. For this very reason, the big questions are how much power does Feri Kulin have, to what degree must he broadcast the ideas and opinions of the MDF or Jozsef Antall, and to what degree can he represent independent, constructive concepts? The Media Law is still unacceptable. It is not up to European standards because it contains no guarantee inspiring us with hope that the media's objectivity and independence will be preserved. However, neither Feri Kulin nor anyone else can predict in what form the law will be submitted. If the law comes before a plenum, then amendments may be introduced, and during this process forces within the MDF may alter the entire concept. I will furnish just one example that fills me with pessimism: During the final day of the budget debate—and in violation of parliamentary rule—a freeze on the 1 billion forints of TV aid was introduced. Istvan Csurka launched this proposal. The Culture Committee voted with Ferenc Kulin, who then introduced a 500-million-forint freeze and said we should accept it because this was still less than 1 billion. In my opinion, the main problem is that in May or June, when the Media Law is passed, Antall still doesn't know where he stands, to whom he should make concessions, or how to handle likely populist attacks.

[Matyas] I would like to build on the example you give and expand the entire area of discussion. Legislation can be changed by amendments. Those who wield power in Hungary have the opportunity to develop a structure that satisfies the formal requirements (parliament, opposition, etc.) of democracy and that in practice makes it impossible for crop rotation to work. I emphasize that I am deliberately pushing the issue to extremes.

[Rajk] I don't believe the current coalition government is malicious enough to want to reduce Hungary to the Third World level. No matter how much I criticize the government, I don't accuse it of that. If we discard this alternative, however, we have no choice but to draw closer to Europe. At the same time, we must also realize what kind of self-restraint this hookup with Europe means to a country that yearns for integration. The legal system—rules and statutes—must be adjusted before Europe accepts us. Time is too short to concoct a power structure that ultimately preserves the jobs of those now in command. And let's not forget an important fact: The Antall government has pursued political rather than economic legislation. If from the outset the government seeks to transform the economic structure by means of Western capital and there is perceptible success, I would say it is unlikely that the opposition will win two years from now. But because the government neglected this opportunity, I think it has already lost.

[Matyas] If we sum up the ideas expressed so far, a clear-cut critique of government policy takes shape. We have talked about the buildup of a client system and the revival of state culture. The opposition's charge becomes self-evident. Where is the creativity here, the positive program? I would ask you, as an artist and Culture Committee member, to voice your opinion of what the cultural sphere considers an optimal transformation.

[Rajk] It may be a little tiresome to hear, but I'll begin by saying that with respect to the cultural sphere the state has no rights, only obligations. In other words, it must give money for culture but has no say in how the money is spent. Like any striking statement, this one contains profound contradictions. If the state has no actual rights, then it cannot monitor the distribution of cultural funds derived from tax money. Yet this is the government's obligation and responsibility in a parliamentary democracy. This contradiction is resolved by the source and distribution system that we propose. First, we examine the sources of cultural funding. I don't have to explain at length why we cannot approve funding based on the so-called remnant principle. Likewise, we don't accept cultural funds as a percentage rate, because this is nothing more than the good old remnant principle under a thick layer of powder. It is easy to see that it doesn't matter whether we discuss concrete sums or concrete percentages, because the result is the same: The leftover sum or leftover percentage goes to culture. We envisage an entirely different source structure that rests on a complex foundation. In it there are automatic mechanisms, and there is also a budget debate that turns into authentic bargaining for funds. We distinguish between three groups of built-in automatic percentage mechanisms: (1) an extra percentage based on taxes that originate in several cultural realms; (2) a certain percentage of taxes in various branches linked to culture; and (3) a portion of the taxes from a branch designated by the state that automatically enters the cultural fund by circumventing the large budgetary basket. Here again, I strongly emphasize that authentic bargaining for funds is another key point in the development of a cultural budget. By the previously outlined method, we can accomplish two things at once. On the one hand, through various automatic mechanisms, the cultural budget keeps pace with inflation to some degree and, on the other hand, in the course of bargaining, it becomes unambiguously clear to the voters what kind of attitude the government in power adopts toward culture and how much it is ready to spend on it.

Smallholders Negotiate Amid Growing Controversy

Attempt at Negotiation

92CH0734A Budapest MAGYAR HIRLAP
in Hungarian 20 Jun 92 p 3

[Article by I.Cs.: "Cautious Rapprochement of the 35 With the 10"]

[Text] "We will not leave the government coalition in order to merge with the 10," Istvan Borocz, deputy leader of the 35 faction, told MAGYAR HIRLAP. In the representative's opinion, the situation after the Thursday afternoon negotiations is not at all a "brotherly embrace" between the historical section and Bela Nemeth's faction, the 35 and the 10. One can only talk about a very cautious, probing rapprochement, which should not be held up, but should not be hurried either, as Borocz stated. As is well known, first secretary Bela Nemeth and faction leader Emese Ugrin were invited to the national assembly of delegates of the historical section scheduled for 27 June. According to Istvan Borocz, the invitation is one step beyond a gesture, and still has to be sanctioned on the faction's Monday meeting. At any rate, the discussion and negotiations to be expected at the delegate assembly may become an important milestone in the life of the Smallholders Party.

Concerning the coalition negotiations, Istvan Borocz said that both Laszlo Surjan, leader of the Christian Democratic People's Party [KDNP], and Jozsef Antall, leader of the Hungarian Democratic Forum [MDF], had declared their readiness to sit down at the negotiations table. The 35 hope that the new coalition agreement emerging from the negotiations will facilitate a more efficient cooperation of the governing parties in every sphere of politics and the economy.

Support for Torgyan

92CH0734B Budapest MAGYAR HIRLAP
in Hungarian 22 Jun 92 p 3

[Article by Balint Szaniszló: "Eastern Region Supports Torgyan"]

[Text] At the Eastern Hungarian regional meeting of the Independent Smallholders Party [FKGP] held on Saturday in Miskolc, the 10 county presidents who were on hand, the Budapest president, and other county leaders unanimously accepted a resolution supporting the party's president in office. They condemned the group of Sandor Cseh and Bela Nemeth for attempting a "coup," and they affirmed their rejection of the coalition. In their declaration, the regional meeting demanded that the government declare the governing coalition to be bipartisan, because the 35 former Smallholder representatives do not represent the FKGP. Dr. Jozsef Torgyan was present at the meeting as an invited guest. In response to a question by our newspaper he said that in his opinion the membership of the Smallholders Party was, and still is, unified, in spite of every effort on the part of those in power to disrupt it. The present meeting proved again that in the countryside the party is more solid than any other party. The trouble is in the national leadership and in a few county centers. Torgyan is certain that in the future the party will move ahead, because it will now have a chance to get rid of a deluge of filth which is not present in the Smallholders Party alone, but which the party has been given a chance to filter out.

International Initiative

92CH0734C Budapest MAGYAR HIRLAP
in Hungarian 18 Jun 92 p 4

[Article by Ivan Scipiades: "Germans Suggest Suspension of Smallholders; European Democratic Union Maintains Relations With 35"]

[Text] As MAGYAR HIRLAP has learned from reliable domestic and foreign sources, the Christian Democratic Union [CDU—Germany] was the party that initiated the suspension of Torgyan's Smallholders Party from the European Democratic Union [EDU], an organization comprising Christian Democratic and conservative parties. The Austrian People's Party, the Hungarian Democratic Forum [MDF], and the Christian Democratic People's Party [KDNP] also played an active—or at least an informing—role in preparing the decision against the Smallholders. The international organization is strikingly secretive about the matter and refuses to reveal details. For instance, when we called the headquarters of the CDU in Bonn, at first they did not even want to tell us who represents the party in the EDU.

Up to now it was only known that the EDU is suspending all activities by the Independent Smallholders Party [FKGP] in its organization as long as the party is headed by Torgyan. However, it was not known who initiated the punishment, and whether the other two parties of the Hungarian Government coalition had a part in it.

Gyorgy Csoti, one of the deputy chairmen of parliament's Foreign Affairs Committee, the single representative of the MDF to the EDU, told MAGYAR HIRLAP that "a German party" had initiated the resolution at the 21 February 1992 Budapest meeting of the EDU's management. Csoti did not wish to reveal which party it was, but he assured our newspaper that he knew everything about the entire affair because, as the organization's deputy chairman, he is always present at the meetings of the management. Because of the nature of the relationship between the MDF and Torgyan's Smallholders, and because the question might justifiably be asked whether the MDF was pulling the strings, Csoti declared decisively that the MDF had neither initiated the ruling against the Smallholders, nor had it asked anyone else to do so.

Since the EDU has no other German members besides the CDU and the CSU [Christian Social Union], which is restricted to a single state, the formulation "a German party" can only be decoded as the CDU.

In a telephone interview on Wednesday, Berndt Fischer, secretary of foreign affairs of the CDU, said that "the CDU was one of the parties" that wanted to find out the truth about the rumors that Jozsef Torgyan, president of the Smallholders, had demanded a revision of the borders defined by the Trianon peace treaty. Fischer was not prepared to reveal whether the CDU had asked for information from the Smallholders' coalition partners.

In a telephone interview on Wednesday, Andreas Kohl, first secretary of the EDU, revealed that "six or seven parties had had misgivings," and that "the Austrian People's Party, the French member party of the EDU, the other two Hungarian parties (MDF, KDNP), and the CDU all gave an account at the EDU of the situation surrounding Torgyan."

It is remarkable that the resolution to suspend the Smallholders, or at least what was published of it, took issue with Torgyan's dictatorial style of leadership, that is to say, the lack of democracy within the party, while Fischer, Secretary of Foreign Affairs of the CDU, said that the matter was begun by Torgyan's statement which had hinted at border revision. Fischer said that as far as he remembers, it never happened before that the EDU was forced to forbid activity in the organization by one of its member parties. As we have learned from Gyorgy Csoti, the resolution of suspension declares that as long as activity by Torgyan's Smallholders is put on hold, the EDU will maintain relations with the 35-member Smallholders group led by Gyula Pasztor in order to keep itself informed. First Secretary Andreas Kohl already had talks in May with Pasztor (as well as with Torgyan and Prime Minister Jozsef Antall) before the resolution of suspension was passed, when he visited Budapest as the chairman of a fact-finding committee.

To the question of what further steps the leadership of the EDU can conceive of in case the situation within the Smallholders Party remains unchanged, Csoti responded that no concrete steps are planned; the suspension may remain in effect for one or even two years. However, referring to Torgyan's "dethronement," he said that in his opinion the present internal situation of the Smallholders is such that "they might regain their full membership within one or two weeks or months."

Minister Bod's Statement Causes 'Shock, Anger'

92CH0792A Budapest BESZELO in Hungarian
27 Jun 92 p 40

[Article by F.L.]

[Text] A statement issued last week (VILAGGAZDASAG published it on 10 June 1992 and added a scathingly ironic commentary) by MNB [Hungarian National Bank] president Akos Peter Bod has elicited shock and anger in the domestic banking world. The Bankers Association considered issuing an official protest against Bod's remarks. In the end, no protest was made, but it can be assumed that many leading commercial bankers will find it very hard to overcome their aversion to the central bank president's role.

Maybe, however, what Akos Peter Bod said was not that bad, or at least not as bad as VILAGGAZDASAG implied, but just enough to remind many people not of a moderate central bank president, but of Istvan Csurka.

The storm was provoked by a lecture given 8 June by Christian Democratic representatives and party activists. To the best of our knowledge, Laszlo Surjan was asked to intervene. VILAGGAZDASAG recalls what happened as follows:

From the answer given by the central bank president to a question, the audience learned that former MNB vice president Janos Fekete had lied. "He cunningly instilled in the Hungarian people's mind that the more credit we accept, the better everyone is fully deceived." It was also learned that Fekete belongs to the same class of commercial bankers as, for example, "Armenians, Jews, Arabs, and Chinese." The other basic class is the group of central bankers, who are "reliable, sensible, and Protestant." Exploiting the possibilities in this classification, the newspaper then mercilessly ridiculed Akos Peter Bod.

We were unable to obtain a tape recording—and there is one—of the lecture. So we must rely on another person's memory as, last but not least, we complete the picture of what sort of mood prevailed at the Christian Democrats' convention.

World Bank on Private Enterprise Development

92CH0805A Budapest HETI VILAGGAZDASAG
in Hungarian 27 Jun 92 pp 20-21

[Article by Pal Reti: "Private Enterprise in East Europe; Three Countries in Four Ways"]

[Text] *Poles are the most educated among East Europe's entrepreneurs, Hungarians are the most experienced, and Czechoslovaks have the brightest future. We will be able to read these statements, among other things, in a World Bank study under preparation, comparing the private industrial enterprise in these three countries.*

Czech entrepreneurs "are professionals in their fields and really want to achieve"; moreover, thanks to credits, state capital flows constantly and abundantly into the private sector. "In view of this, we consider the Czech private entrepreneur sphere the most promising," said Leila Webster, an American economist-sociologist working at the World Bank, at a recent Prague conference. She led the research in which registered ventures were contacted in Poland, Czechoslovakia, and Hungary (100 in each country), at least 51 percent of which were owned domestically, and a minimum of 51 percent of which were engaged in industrial production with a minimum of seven employees. However, for the time being, "there is absolutely no question that Hungary has the most developed entrepreneur sector," stated the World Bank expert, adding that Hungarian entrepreneurs are the "most genuine" ones. Their comportment and their relations with western partners also shows that most of them had gained experience in serious quasi-entrepreneurship—in economic work collectives and small co-ops—already in the 1980's.

Less than half of the queried Hungarian and Czech entrepreneurs possess professional degrees while three-fourths of the Poles do. True, 60 percent of the Poles and Hungarians are entrepreneurs in fields which are different from the one in which they were previously employed. Obviously, most entrepreneurs in all three countries were state employees just a few years ago; in Czechoslovakia, 60 percent of them continue their profession even in the private sector. The researchers think that this is one of the reasons for the Czech entrepreneurs leading the field in terms of their professional qualifications; indeed, even the workers are better trained than in the other two countries. Thus, although the Czech and Slovak entrepreneurs have the oldest equipment, they still produce products of better quality than the entrepreneurs of the other two countries do with their more modern equipment.

The Hungarian private enterprises are the most stable ones. They give the impression, even in their appearance, of being well-established firms, more so than the Czech, Slovak, or Polish private enterprises, the World Bank staff said. The Hungarian enterprises have the most valuable equipment, and one out of three also own their facilities. This can be said of only less than half of the Czech entrepreneurs, and there were only a few among the queried Polish private firms which owned the real estate they were using.

At the same time, of the three groups, it is the Poles who have the least amount of capital and who must compete the hardest. Their competitors are mostly domestic private companies, but also foreign firms—thanks to the most liberal imports of consumer goods among the three countries. The Polish private firms, which specialize in producing goods of which there was a shortage two or three years ago, are now desperately competing with imported goods, while only 20 percent of them are producing for exports. On the other hand, 50 percent of the Hungarian and Czechoslovak firms produce for exports, and those queried in these two countries made little, if any, reference at all to competing with imports. The researchers were particularly surprised that, despite their comfortable positions in the domestic market, the queried Czechoslovak private firms export, on the average, only 31 percent of their products, mostly to Germany and Austria.

The Czech and Slovak entrepreneurs can obtain loans much easier than those of the other two countries. More than half of the queried persons in Czechoslovakia obtained long-term loans while Hungarians and Poles obtained hardly any at all. Almost all Czech and Slovak entrepreneurs use credit to provide working assets, while only 60 percent of the Poles and only 40 percent of the Hungarians do. The amount of credit provided is lowest in Hungary, while it is not unusual in Czechoslovakia for an entrepreneur to obtain three of four different loans at the same time. One-third of the Czech private entrepreneurs started their firms with loans to begin with, while the Hungarians and Poles used their private savings almost exclusively.

The World Bank survey shows that, while the Czech and Slovak private firms enjoy the unequivocal support of the central economic policy, they are repressed by local forces. Local governments often refuse to issue the licenses necessary for their operation, at the same time trying to squeeze as much money out of them as possible. And, executives of state enterprises do not want to either buy from them or to sell them anything. When they do buy, they do not pay promptly.

The frequent insolvency of state enterprises causes many problems for the Hungarian and Polish entrepreneurs as well, even though, in Hungary—unlike the other two countries—“there is absolutely no tension between the private and the state sectors.” Indeed, Leila Webster states that their relations are definitely congenial, if for no other reason than the fact that sometimes it is difficult to know where the dividing line between them is. Such “vagueness” is much rarer in Czechoslovakia, where state enterprises are privatized not in several steps but in a single step, possibly in their entirety, including their complete equipment, buildings, real estate, and commercial outlets.

Finance Ministry Report on Economy, Recession 92CH0805B Budapest FIGYELO in Hungarian 9 Jul 92 p 4

[Article by -ai: “The Recession Continues”]

[Text] *Although with a certain degree of euphemism, “a continuation of economic stagnation” is mentioned in the notice of the Ministry of Finance, which analyzes the most recent economic processes on the basis of information received in April and May and which is summarized in the following without commentary. The figures (e.g., the 3- to 6-percent decrease in domestically used GDP in 1992) speak of a continuing recession.*

During the first five months of 1992, exports accounted in convertible currencies were 16 percent higher, and imports were 20 percent lower than during the same period last year. Within that, however, exports in May were 11 percent lower than in May 1992. During the first five months, material exports stayed essentially at the same level, machine exports increased by 10 percent (staying the same in terms of volume), the food industry's revenues increased by 23 percent (mostly through East European exports), and the exports of consumer goods increased by 36 percent (20 percent in terms of volume). Within the latter, the wage-labor structures directed toward developed countries and the 100-percent increase in East European exports (which are, for the time being, limited) are worth mentioning but, there are some indications that last year's excessive imports will also affect the exports.

The imports of material and replacement parts decreased the most, and the imports of machines decreased the least, but even the latter decreased by 18 percent.

In comparison with late April, the trade balance surplus decreased (from \$634 million to \$588 million) on the other hand, there was a \$400 million deficit in late May 1991. On the basis of cash flow, the current balance-of-payments surplus increased in May by at least \$100 million, amounting to about \$570 million.

The low, and decreasing, level of imports is connected to the fact that neither production nor investments picked up the pace. For this reason, the estimated deficit will amount to much less than \$300-\$500 million, and we may possibly close the year with a foreign trade surplus. It will be possible to reach the estimated level of exports—in case there will be some increase in the volume of exports and/or in the dollar value of foreign currencies that play a large part in the exports. However, the decrease of exports in May may be a sign of a loss of momentum in exports.

Industrial production will continue to be determined by a lack of demand. During the first four months of the year, 14 percent fewer products were sold than last year in the industry as a whole. This year's decrease slowed following last year's gradual decrease and, according to preliminary estimates, the volume index, cleared of seasonal effects, indicates a stagnation as compared to the previous four months (September-December 1991).

In agriculture, export production during the first five months was 20 percent higher than last year. This was due primarily to the corn export. On the other hand, the exports of processed products decreased.

On 20 May, the number of registered unemployed was 522,700, which was 20,600 higher than in the previous month. The rate of unemployment is 9.7 percent.

According to the MNB's [Hungarian National Bank] preliminary data, current private incomes increased by 15 percent, which is less than in the previous months. During these five months, incomes were 21 percent higher than during the same period last year. Private savings continued to increase in May, and their increase during these five months amounted to 112 billion forints. Thus, total private savings were in excess of 1 trillion forints in May. Although, for the first time this year, the amount of private credit increased in May (by about 7 billion forints), it decreased by 15 billion forints from the beginning of the year.

Private consumption, which depends primarily on the amounts of savings, is expected to decrease by 2 to 4 percent in 1992 as a whole. The rate of increase of real wages and incomes can reach the level that is specified both in this year's program and in the agreement with the Trade Union Council [Erdekegyeztető Tanács] if, in addition to the expected acceleration in the rate of increase, the increase in consumer prices will continue to slow down significantly (to a monthly 0.3 percent for the rest of the year). Although consumer prices increased during the first five months by 2.1 percent, which was higher than expected, the rest of the year will see the usual significant slowdown. The rate of inflation would

remain at 23 to 24 percent even if, during the rest of the year, the rate of monthly increase would exceed 0.7-0.8 percent and would be as high as the 1.2-1.5 percent of the past months.

Change in Profile of Imported Consumer Goods

92CH0766A Budapest FIGYELO in Hungarian
25 Jun 92 p 19

[Article by Imre Boc: "Market Change and Consumer Goods Supply; What Is Available Instead of the Yunost"]

[Text] As soon as we enter stores, we notice the consequences of market change and the liberalization of imports. Scarce commodities practically do not exist anymore, and at the same time it is striking that masses of previously rare or even unknown Western and East Asian import articles have appeared in the shop windows. But what is behind the shop windows?

For instance, we search in vain for certain relatively cheap "Eastern" products that we have been used to for years, from irons to toasters made in the GDR and Minsk refrigerators, to Soviet canned fish. The new stipulations on the import of consumer articles, the collapse of the old CEMA market, and the change from rubles to dollars in foreign trade accounts have radically changed the supply of imported products.

What seems to be obvious is the increased share of imported articles in retail trade. While 1991 statistics registered a decrease both in the value and the volume of retail trade—the former must be doubted—both the value and the volume of imports of consumer products increased. The increase in value is due on the one hand to the change from rubles to dollars in imports from CEMA countries, and on the other hand to the liberalization of imports, which resulted in a considerable increase in the value and volume of "convertible" imports, as well. According to our calculations, in 1991 the value of retail trade may have been 20-25 percent higher than in 1990, but almost the entire increase was due to the increase in imports. Earlier, when the share of imports in retail trade amounted to 15-20 percent, at least half of those imports came from the CEMA sector, including Yugoslavia and China. Now, after the change to trade in dollars, these countries' share has declined considerably. The main reason for the decline was these countries' lack of readiness to deliver, but there were problems of price as well. At the same time, the value of imports doubled, and for this reason one might be tempted to conclude that the eliminated CEMA imports were replaced by imports from outside that sector; moreover, the "Western" imports, which include East Asian imports as well, even pushed certain Hungarian commodities from the market.

However, the truth is not so simple. Earlier, from the former CEMA sector, we were normally importing products of a poorer quality and make than Western products, but they were generally cheaper. In 1991, the

volume of CEMA imports fell to half of its former level within one year. At the same time, 2.7 times as many consumer articles were imported from the area outside the former CEMA countries. All this changed the structure of the supply, which affected various groups of consumers in disparate ways. Many products disappeared from the market which had formerly been imported from CEMA countries, and which were not only cheaper than Western imported products, but also cheaper than domestic ones. These products had been bought by precisely that group of consumers for which the cost of living has increased the most, and among which there is a growing percentage of people whose income approaches the poverty line. For this group there is a vacuum in the supply, because it can no longer buy the more expensive "Western" and Hungarian products which replaced the cheaper ones. This is backed up by the drastic drop in the percentage of CEMA products in the groups of products which constituted the bulk of imports.

Since the decline of retail trade is primarily due to the decrease in the population's purchasing power, the lack of demand, we can safely claim that the increased Western imports did not primarily satisfy the demand of that group of consumers who earlier were buying the CEMA products which are no longer available. That is to say, in the majority of cases the increased "Western" import neither replaced the eliminated "Eastern" products, nor did it push Hungarian commodities from the market. If this is the case, where did the surplus come from and who bought it?

Based on the numerical data of the analysis, this question can only be answered approximately. On the one hand, a large group of consumers was unable to buy the imported articles which it had been buying earlier, and was no longer able to buy many Hungarian durable goods because of the price increases. On the other hand, many imported products appeared on the market which had not been imported earlier, and they led to a new demand. This is supported by the fact that the value of the groups of commodities which constituted the bulk of imports increased by less than the average, while it decreased in volume; at the same time, the imports of certain minor groups of commodities, such as metal fittings, furs, and dairy products, showed a dynamic increase; i.e., the imports of consumer products were diversified. However, one must not ignore the fact that with the liberalization of imports, many new entrepreneurs appeared on the market who were not always able to realistically assess the demand, and in certain cases purchases were made that surpassed domestic demand. They then tried to sell leftover stocks (textiles, fittings, etc.) by exporting them, i.e., the products were reexported. Of course, it cannot be determined how large a percentage of imported articles left the country again and in turn how large a percentage these reexported articles amounted to within the spectacular increase in the export of consumer goods. But the phenomenon was pointed out to us during interviews with companies. One

consequence is that there are less imported products in retail trade than is indicated in the statistics; on the other hand, the spectacular increase in the export of consumer goods could have been bolstered by reexports.

According to the latest data by the Central Statistical Office, in 1991 retail sales amounted to 1,052.9 billion forints, which was 2.4 percent less than in 1990. However, these data must be adjusted because of an increase in sales outside the retail network, by discount stores, mail order firms, traveling salesmen, and direct sales by producers. At the same time, turnover has increased much more dynamically than elsewhere in the sector of small enterprises which the statistics were unable to follow. Thus, presumably we will not commit a grave error if we state that retail sales at current prices were about 20-25 percent more in 1991 than the year before, while the value of the imports of consumer goods at marginal parity was more than twice last year's value.

At the same time, the change from rubles to dollars, the diminishing imports in the ruble sector, and the increase of the commercial profit margin led to an even greater increase of imports at retail prices (see the boxed item).

For the past few years we have been importing consumer goods from the CEMA sector both for rubles and dollars, because we registered the Yugoslav and the Chinese imports under this rubric. But since the unification of the two Germanies, customs statistics have been unable to adequately distinguish between imports from the former FRG and those from the former GDR, and thus all German imports were accounted for in the CEMA sector. In order to separate the two, we have undertaken corrective calculations. We assumed that until 1991 the majority of consumer goods imported from the GDR—household appliances, food, certain articles of clothing—were bought for rubles, and up to that point the percentage of consumer goods bought from the FRG was low. According to customs statistics, in 1990 German goods bought for dollars were imported in the amount of 13.8 billion forints. According to our estimation, the value of goods imported from the GDR for dollars could have amounted to only about 3-5 billion forints. However, in 1991 the majority of GDR-suppliers began using an exchange index for East/West-German marks which made their import articles so expensive that they were unable to compete on the Hungarian market. This also contributed to the drastic drop in the import of GDR articles. Here we must note that realizing this, in 1992 many companies reduced their prices, and certain articles from the former GDR appeared again on the Hungarian market. Nevertheless, in 1991 the bulk of German imports, which amounted to 54.4 billion forints altogether, came from the rapid increase of imports from the former FRG, and we can assume that the value of the goods from the former GDR only amounted to 4-5 billion forints. This was the basis of the adjustment we made in the statistics. This adjustment was necessary because it is impossible to calculate the actual decrease in articles imported from the former CEMA countries without it, as well as the volume of imports, since the

dollar imports from the "East" have a different price index than those from the "West."

Taking the adjustments into consideration, the distribution and dynamics of imports from the CEMA sector and from outside it, as well as imports for dollars and for rubles, has changed as follows (see the table):

In their entirety, the imports of consumer goods from the CEMA sector were reduced to three-fourths of their former value, but because of the increased prices due to the change to trade in dollars, the drop in the volume of imports was much greater. From 1990 to 1991, the forint value of ruble imports was reduced by 25.2 billion forints. If we assume that the products from the CEMA sector which were purchased for dollars already in 1990 increased in value from 13 billion forints to 15-16 billion, then of the total value of 25.7 billion forints for 1991 imports in dollars, the value of imports bought for dollars instead of rubles from this sector could have amounted to at most 10-11 billion forints. We arrive at a similar figure if we subtract the Yugoslav and Chinese imports from the 1990 and 1991 dollar imports. The remainder was 1.2 billion forints in 1990, and 11.1 billion forints in 1991. That is to say, the 10 billion forints difference between the two could have been the result of the change from rubles to dollars in foreign trade.

[Box, p 19]

Namely, no tax was imposed on the imports for rubles. In the case of imports for dollars, this tax together with the fees can be estimated at 25 percent; in calculating retail prices, we added another 25 percent for VAT [value-added tax] and a commercial profit margin of 25 percent for 1990, and 30 percent for 1991.

According to our calculations, the value of consumer goods in legitimate trade grew by 234 billion forints within a year. However, this increase was only partially due to the increase of 107 billion forints calculated at marginal parity. Namely, if we convert the latter to retail prices, this would amount to only 215 billion forints, 19 billion fewer than the 234 billion. The difference is a result of the conversion of ruble imports to dollar imports and of the increase of the commercial profit margin. That is to say, the conversion made the retail prices of goods coming from the former CEMA sector more expensive even if the wholesale price remained the same. One forint at marginal parity corresponded in 1990 to 1.76 forints at retail, in 1992 to two forints at retail. Of course beyond the reasons mentioned above, this difference was also due to the increase of more expensive imports for dollars from areas outside the CEMA sector.

The value of imported articles in retail trade increased by 234 billion forints, while at the same time according to our estimates the value of retail sales increased by 215-270 billion forints. These facts point out unequivocally that the weight of the imports of consumer goods increased, and the increase in the value of sales was largely, if not completely, due to the increase in the value of imports. At the same time, because of the considerable increase in prices, in the background of all of this there is a severe drop in the entire volume of sales.

The Share of Former CEMA Countries in the Imports of More Important Product Groups

Product Group	Share of CEMA		Importance of Product Group in 1991 (Import = 100.0)
	1990	1991	
Metal housewares	52.6	24.2	2.98
Vehicles	88.0	48.1	15.54
Industrial and household electric appliances	62.7	36.7	3.39
Telecommunication products	32.8	28.4	4.62
Medicines	65.2	63.7	5.52
Detergents, household chemicals	48.2	27.0	3.23
Furniture	82.2	56.4	2.18
Footwear	53.0	34.4	3.68
Clothes	34.6	26.9	5.22
Durable goods	70.2	60.9	1.00
Alcohol, beverages	60.2	49.4	1.53

Distribution of Imports by Trade in Rubles and Dollars in Former CEMA Countries and Countries Outside CEMA

Area	1990 (in percent)	1991 (in percent)
Dollar imports outside CEMA	53	84
Dollar imports in CEMA sector	14	13
Ruble imports in CEMA sector	33	3

Position of Army in Third Republic Analyzed

92EP0543A Warsaw POLSKA ZBROJNA in Polish
16 Jun 92 p 3

[Interview with Prof. Krzysztof Kicinski, chairman of the Sociology and Philosophy Department in the National Defense Academy, by Tadeusz Mitek; place and date not given: "From a Sociologist's Point of View"]

[Text] Has the Polish military recovered its place within the Third Republic? Do its formal-legal place, the function it fulfills, as well as the currently obligatory constitutional principles of military leadership, correspond to the laws governing a democracy?

We addressed that question, which is currently frequently asked publicly, to Krzysztof Kicinski, sociologist and professor at the Institute for Applied Social Studies at Warsaw University and also chairman of the Philosophy and Sociology Department at the National Defense Academy.

The army is frequently perceived as somewhat of a threat to the current process of political transformation, as a conservative force, strongly linked in time with the former political systems and their subordinate apparatus of force. From a theoretical point of view, such fears are understandable: Historically armies have repeatedly served as a brake to democratic change and as the backbone of autocratic leadership.

However, in analyzing our current situation, we must stress emphatically that during the ongoing political revolution, the Polish army has never been a force that would attempt to stand in the way of this revolution. It has not shown any indication that the direction the changes are taking do not suit it, and therefore, that it is ready to block or delay this transformation. Therefore, on the one hand, one can understand the fears resulting from various historical experiences, while on the other hand, an appraisal of the situation must take into consideration this hard empirical fact. If we also talk about public sentiments, then we must also remember the highly regarded position of the military in the prestige hierarchy of various institutions, from which we can conclude indirectly that society does not look upon the army as a source of danger. If it did, then this would somehow have to be reflected in the army's relation to society as expressed in public opinion polls.

Of course, from what I have said it does not appear that the Polish military has, as the question assumes, fully recovered its place in the Third Republic. This certainly is not so, mainly because of the disastrous formal-legal indefinability of its place in the nation's structure. From the point of view of the national interest, this represents an extremely disadvantageous situation that generates a complete chain of negative results, also manifesting themselves in the army itself. At the same time, however, we must stress that the military itself, to a small degree, is responsible for this situation.

Therefore, it would be necessary not so much to determine whether the army has recovered its place in the new democratic framework of the state, but rather whether a place has been found for it. In addition, much has been done to make its situation more difficult, since uncertain subordination represents an almost deadly situation for every army.

Of course, I realize that a satisfactory solution to this problem is not a simple matter, because it is linked with constitutional decisions that are difficult to resolve under current political conditions. However, this is an important and far-reaching matter from the point of view of national interests. Therefore, the army has the right to expect political elites to finally treat it with due respect, demonstrate a maximum amount of goodwill, and rise above self-interest.

Now we return to the question: What must be done so that the army becomes an element that fits in well with the democratic structure of the state? Above all, proper relations between it and other national civilian institutions, to which it is subordinate, must be guaranteed. Greater integration than currently exists must take place in this area. I personally believe that, while the army has its unique nature, this uniqueness is currently quite exaggerated compared to other institutions; also exaggerated are difficulties associated with specialists who are not career military entering military facilities, and the exoticism of this sector in general.

From a sociological point of view, this is not so. The army is a social system governed by the same laws as other systems. Therefore, many civilian specialists, not just in the technical fields, would have something to contribute in military matters, even management specialists and organizational theoreticians. I see the difficulties standing in the way of placing civilian authorities in the defense sector as greatly exaggerated. The sources of these difficulties are, above all, the conscious barriers created by civilian politicians, decisionmakers, and experts, who, for dozens of years, habitually treated defense matters, and the institutions linked to them, as unfamiliar territory and exotic in a certain sense. I am profoundly convinced that this barrier must be overcome, since many important matters in the military itself can, to some extent, be resolved internally by experts and civilian politicians. This, however, would necessitate much greater concentration of attention toward military matters by government officials and a much greater personnel effort. I believe that up until now this has not been the case, and we should not try to identify this interest with the real demonstrated interest in the army by different political forces who want to get closer to the army or to get its support. Of course, such actions are extremely dangerous from the point of view of the army's proper place in a democratic state, and therefore should be carefully observed by public opinion and unequivocally rejected by society.

After all, public opinion is not everything. In our case, an unusually important condition concerning the proper

placement of the army within the democratic makeup of the state, concerns the drawing up by the political elite, political leaders, parties, and other forces, of something in the way of a universally binding understanding that military and defense matters must be placed above the sphere of improvised agreements—I won't say political contests. The relations between these forces and the military must be strictly designated by laws governing political life, which must be binding in a democratic nation. This means, for example, that they must manifest themselves in political party programs, in parliamentary debates and decisions, and in public discussions on the subject of the army, defense, etc.

Finally, a very important condition for a proper understanding of defense in a democratic state is something that can be called the socializing and publicizing of these issues. Democratic society cannot, however, think of defense matters as something to be entrusted to a specialized institution, and that no one wants to be personally involved with.

The army, which is a specialized institution, is of course necessary, but matters related to national defense have a much broader significance. This requires the integration of this specialized institution with nonmilitary institutions, interest and cooperation by specialists from various fields, appreciation of these issues by citizens, identification with the basic goals of defense, and a distinct perception of them in relation to such fundamental values as sovereignty and freedom. There are democratic nations in which this takes place. Much can be learned from them and it is worthwhile to do this, since in this case a great distance still separates us from them.

Polls Show Popularity of Army Remains High

92EP0543B Warsaw POLSKA ZBROJNA in Polish
17-18 Jun 92 pp 1-2

[Article by Tadeusz Mitek: "The People Have Faith in Their Army"]

[Excerpt] [passage omitted] The military continues to enjoy the highest public confidence and approval. This is surprising to some. Surveys of various sectors of society confirm this.

To what thoughts does this continuity of public feeling manifested toward the military incline one?

It is characteristic that the police and the Church are also consistently at the top, below the military. These three institutions, considering their differences in character and social function, are linked with the sense of security and order, and the guarantee of a well-defined order. People simply want to trust someone and they direct these expectations to national and permanent institutions.

The root of the military's popularity also lies unquestionably in the still popular legend and tradition linking the

uniform with that which is heroic and noble in the nation's deeds. Surely, it is not only the colorful legends of the light cavalry, or the association of the military with a sovereign national existence, and the aspiration for sovereignty and national pride.

At the national level, that popularity is carried over to the personal level. The results of studies confirm that personal experiences or military service by relatives or friends link them emotionally with the military, and elicit a feeling of participation: "A military buddy, a bed of boards, and a difficult but manly adventure that teaches about life and camaraderie."

Studies done by the CBOS [Public Opinion Research Center] in March 1992 analyzed the level of public approval according to age, region, and place of residence. The studies confirm the general interpretation of the source of the military's prestige.

Insofar as age is concerned, the highest approval rating (65 percent) for the military was given by those in the 45- to 54-age range. Their opinions are equally influenced by their life experiences and the sense of tradition, public order, as well as sentiment toward a personal past.

The military has a lower approval rating among youth (up to 24 years of age—56 percent). That is due to the always difficult basic military service obligation, which carries with it a great many personal restrictions, complications, and burdensome problems.

Studies on the regional criteria brought significant results concerning disposition of the military domestically. The highest approval rates were noted in the midwestern region of the nation (70 percent), and the lowest were noted in the east (59 percent).

In the midwestern part of Poland, where there is a large military presence, people respect the military more (with only a 14-percent disapproval rate). In addition, esteem for the army is not based, as one sometimes hears, on a legend abstracted from life, but rather on direct contact with the military.

This conformity realistically and specifically confirms the character of the military, and attests to its strong ties to the local populace.

Studies dealing with the place of residence issue demonstrate a similar conformity. In cities of 20,000 to 100,000 residents, the military had an approval rating of 66 percent, and a disapproval rate of 15 percent. In cities of over 500,000 residents, the rating was 56 percent and 14 percent respectively.

In smaller urban areas, the relations of the military with the populace are stronger and direct. Participation by the soldiers in the life of the local populace elicits positive reactions and arouses favorable feelings. In the large cities where there are many public institutions, relations of residents with military units are by nature not as close and rarer, and this creates a certain indifference.

The studies revealed that the high degree of trust is also due to the fact that the public perceives that changes are taking place in the Polish military, such as its depoliticizing, party neutrality, and the restoration of a national military tradition in the ceremonial aspects and in the educational system. Also of great significance has been the reactivation of the office of field chaplain of the Polish army and the normalization of religious principles in the barracks.

The military is perceived as a national institution that personifies the nation's aspirations of independence and honor, traditions as well as its *raison d'être*.

The recent past has brought about a certain wavering in approval for the military as noted in the surveys. However, invariably it still remains at the top of the list. These are undoubtedly the results of an ongoing "competency dispute" concerning the military and the mass media's sensational way of reporting the dispute. This could provoke disorientation concerning the stability of the military and its political neutrality.

Such misgivings should not be disregarded. Let us, however, glance at the results of the OBOP [Center for Research on Public Opinion] study. Public confidence in the military in 1992 is as follows: January—71 percent, February—73 percent, March—75 percent, and April—71 percent. This data does not demonstrate a breakdown in the army's authority. Rather, it appears that, in this dispute concerning the military, the public accurately differentiates between the military and the defense establishment itself. It can be presumed that public opinion has been reinforced with regard to the military and its personnel, which consistently and consciously tries to distance itself from being dragged into politics. Also despite all the budget, logistic, and equipment problems, the military has preserved its mobility, internal cohesion, and efficiency of action.

There is no fear concerning the disintegration of the army's structure or any kind of insubordination in the military ranks. The military carries out its duties in a disciplined manner, in accordance with the requirements of combat readiness and through education. It is unlikely to yield to emotions and awakened sensations.

Another aspect is that the military has the right to expect that politicians, lawyers, and parliamentary groups will coordinate their views on a matter as fundamental to the state as financing, equipping, organization, and leadership of the army and the entire national defense structure. The state's defensive *raison d'être*, and preservation of its authority, demands this from its own people as well as on the international relations level.

The fact that the military is the most highly respected institution in the country indicates that society approves of its comportment and expectations.

Status of Military Aviation Industry Viewed

92EP0545D Warsaw POLSKA ZBROJNA in Polish
4 May 92 pp 1-2

[Article by Ryszard Choroszy: "Lease the Orliks? A Way of Combatting the Recession"]

[Text] The director of the Okecie PZL [State Aviation Industry Plant] Ryszard Leja claims that the aviation industry is on the brink of the abyss. His plant differs from its counterparts in that it holds on firmly with both hands to that edge. By dint of strenuous effort it may save itself from that economic abyss by finding new markets for its products and entering into coproduction agreements with Western companies.

The plant in Okecie is financially well-off compared with the dozen or so other aviation plants in Poland. Last year, its net profit was 21 billion zlotys [Z] and, most importantly, unlike the other plants, it has not lost its creditworthy status. Its accounts payable are more or less balanced by its accounts receivable. The balance sheet would have been much better had it not been for the exports of about Z100 billion in spare parts for An-28 and Wilga-type aircraft to the former USSR.

Some blame the government for that contract, while others blame the enterprises that had agreed to such unfavorable terms of payment. Payment after 45 days from the day of receipt of invoice meant that in practice our eastern partner was allowed to either be very tardy in paying or, if it lacked the funds, not to pay at all. The system for handling the related documents served to delay payment by another month. In effect, nearly three months passed since the equipment was dispatched before it was realized that something was wrong.

The payments for the exported equipment are of great importance to the banks that had provided the liquid capital for the Soviet contracts. Now they refuse to discuss granting any more loans until they are paid what they are owed. In the opinion of the Vice Director for Trade Przemyslaw Wieckowski, no argument helps, not even telling the banks to keep the income from the new contracts so long as they enable the plants to earn something.

Our banks firmly stand on guard of the recession and act more like savings and loan associations than institutions that flexibly react to and promote industrial policy. This also applies to the Industry Restructuring Agency. There are no known criteria for allocating credit, although it should be earmarked for the most effective projects. At every individual plant the situation is different. It is easy to determine whether a given plant is a good risk as regards recouping investment in it; what is its ability to generate profits in the future; or whether a given product is competitive. The question of markets for products and orders received is most timely.

The director of the Okecie PZL estimates that is company has concluded contracts for 75 percent of the

output planned for this year. This warrants the plant's survival, but not its growth. Much still can change by the end of the year. The Wilgas are selling well. As a result of world competitions and the success of our pilots in the Republic of South Africa, nearly all the Wilgas there have been sold. That country is interested in additionally buying 10 Wilgas for airborne monitoring of its borders. Aircraft of this kind are fitted with engines built by Continental, an American company, which, unlike the Kalisz-made ones, while costing nearly as much, are more modern and serviced incomparably better. Altogether, 45 Wilgas are to be built, including some for New Zealand, the United States, and Pakistan as well.

The Koliber aircraft are selling well, chiefly in Western Europe. By now contracts for 20 of these tiny aircraft have been concluded, though we have the capacity for building 10 more. During the era of prosperity, the plant employed a workforce of more than 5,000, but now the workforce at Okęcie does not exceed 1,500. Aircraft are no longer built in large series, because the needs of Western customers are so diversified, hence also the considerable labor intensiveness. Good skilled workers are beginning to be appreciated.

The unused factory space and hangars, and the experience of the workforce, are highly suitable for establishing cooperation with foreign capital and interested companies. A joint-stock company called PZL-IDS has been formed with the Spaniards and it will soon begin producing flight simulators. As a result, access to advanced technologies has been gained.

Italians are interested in starting the production of a small two-seater airframe. Americans from the Galaxy company want to register a joint-stock company that would handle comprehensive servicing of aircraft. All this in order to maximize profits.

The Okęcie PZL places great hopes in its school-training plane Orlik. It was presented to the military, demonstrated, flown around, and accepted as far back as last year. R. Leja admits that he is betting on the military: "We certainly did something commendable, offering four different versions of the plane: one with a weak engine, one with a stronger engine, one with a Czech engine, and one with a Canadian engine. We adapt to the needs of the military and not on the contrary. We want to adapt ourselves to the needs and requirements of our customer."

At the fifth session of the National Aviation Council last year, attended by the then prime minister, the Ministry of National Defense concluded with the Ministry of Industry and Trade a contract for the delivery of 48 Orliks within the next few years. As an advance on this contract, one aircraft was presented to the military. It is being flown by air cadets from Deblin.

The Orlik—Little Eagle—has proved itself in training Eaglets—air cadets—and is characterized by, among other things, a very low fuel consumption. Instead of 800 to 900 liters of gasoline per flight hour as in the case of

the Iskra, it burns only ... 160 liters, and its average flight speed is 500 km per hour. After it is equipped with modern avionics, it will be very easy to switch to combat aircraft with standards very close to those of the West.

"We do not demand that this contract be kept, because we are aware of the situation of the state budget, and that the military budget is part of that budget. Allocations for arms and equipment are very low. That is why we are proposing a different form of payment, one tested in Western countries. This concerns the so-called leasing [preceding word in English] of the aircraft for 10 years," said R. Leja.

This is a concept that would be financed by a British consortium. User fees would amount to 1.3 percent plus some profit for the people handling it. The installment payments would be made for 10 years after the equipment is received, with the option to purchase following that period. The total payments would not exceed 20 to 30 percent of the price of the aircraft.

The advantage would go to the plant, because it would be kept operating, the state budget would get more receipts, there would be employment, and the military would receive cheaper and more modern equipment. The only problem is that the equipment would not be owned by it.

"It is not a subject for bragging that the military is poor. Still, the idea is interesting, because it will help end the recession," I was told at the Directorate for Supplies and Deliveries, Ministry of National Defense.

The company funding this project perceives possibilities for marketing the Orliks abroad. A broad-scale marketing drive to promote these aircraft is underway also in the neighboring countries to the south and in Hungary. Recently Polish pilots, including military ones, toured them. They gave demonstrations that won the appreciation of experts and local pilots. It is not accidental that one of the versions of the Orlik provides for it to be equipped with a Czech engine, because that is an additional factor that might influence the persons who make decisions on equipment purchases. Everyone should profit. What matters most is that there be no preconceptions.

The Okęcie plant wants to produce combat aircraft. The work on the Skorpion, an assault aircraft, is highly advanced. For this year the construction of a mockup on a one-to-one scale is envisaged. In this matter talks are underway with all the principal aircraft plants in the world concerning air conditioning, avionics, chassis, and engines. That equipment is to suit our defense doctrine and replace in a few years the Soviet aircraft being withdrawn. It is expected that a prototype will be ready in four years. During that period, the Okęcie plant's General Director R. Leja would like to commit 75 percent of its production potential to the needs of the military.

These are dreams, but what is the reality? Everything will depend on whether the leasing project works. That will

be a real test of the government's declarations about fighting the recession. For the military must receive guarantees that installment payments will be scrupulously made. This problem cannot be resolved without the consent of the Ministry of Finance and the government.

Shipping Cooperation Plans With Byelarus

90EP0560B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 24 Jun 92 p III

[Article by Rafal Jesswein: "Time To Do Business: Poland, Byelarus"]

[Text] "We want to develop our own maritime industry. We thought of creating our own commercial fleet, using Polish ports for exports and imports of our goods, and about intensifying fishing. Having such a good neighbor as Poland, we cannot not make use of its experience," said Stanislaw Brill, Byelarus Council of Ministers deputy president, during his visit to the Polish coastal region.

The very first contacts between representatives of the two countries led to the signing two months ago of an intergovernmental maritime agreement. According to it, Byelarus can send its goods through Polish ports, especially Gdansk and Gdynia. The annual exports and imports of our neighbor total nearly 16 million metric tons. "We want these goods; they can bring about a serious increase in the turnover of our ports," says Zbigniew Sulatycki, under secretary at the Polish Ministry of Transportation and the Maritime Industry. "We have prepared a special tariff, including the total costs of paper work, transportation, and handling, that is attractive to our partner and competitive with those used by Western shipping firms, especially the prosperous firms whose offices are in Tallin."

Poland will help the Byelarus Republic in the construction of its own commercial fleet.

"At the beginning of June, the Republic's government decided to create such a fleet. Our decisions are economically essential," said Stanislaw Brill. "Byelarus has two ways of implementing its program. After the division of the commercial fleet of the USSR, a part could be given to us, but that is a long and complicated road. We want to have our own ships much sooner; thus, we are considering purchasing ships or entering into a joint venture. The present trip is a scouting expedition. We have visited Hamburg, Szczecin, the Tri-Cities port; we are going to Tallin and to Petersburg. We want to collect information on where and on what terms we can implement the program best."

Poland and Byelarus, in consultation with partners in China, have decided to form a joint Polish-Byelarusian-Chinese shipping partnership. It will handle Byelarusian exports of artificial fertilizer and grain to China, Russia, Afghanistan, Iran, and Iraq. Deputy Prime Minister Brill said those exports could reach as

much as 5 million tons annually. The Polish and Byelarusian sides have already agreed on the text of an agreement; in a few days, the Chinese are to make a decision. If nothing unexpected happens, the agreement can be signed during the first few days of July. The partnership, although not yet sanctioned, has already taken concrete action. In June, it arranged the export of 24,000 tons of fertilizer, and plans call for another 80,000 tons in the coming months. The headquarters of the partnership are in Gdynia.

Cooperation in deep-sea fishing is also possible. During a meeting of leaders of states of the former Soviet Union, Byelarus asked for its share of the fishing quotas in the Sea Okhotsk. If the decisions are favorable, these fishing grounds can be exploited by both our countries. "Polish fishing enterprises are having increasing difficulties reaching attractive fishing grounds. Polish trawlers will be able to make use of the assigned fishing grounds to the benefit of both sides. Detailed talks will be held only after a decision favorable to our neighbors," said Minister Zbigniew Sulatycki.

Volkswagen To Assemble Vans, Buses in Poznan

92EP0548B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 1 Jul 92 p I

[Article by Mariusz Pawlowski: "A New Skin for the Tarpan: VW Wants To Invest in Poznan"]

[Text] "The head of Volkswagen came to Poland, during these politically heated days, in order to confirm their desire to enter our market and implement a large long-term contract. During the next two weeks, the main decisions concerning our cooperation will be made, and then we will begin formulating a final contract. Due to the great amount of work to be done on the contract, it is hard to say when it will be finished. The questions remaining to be resolved include customs quotas for imported cars and studies on environmental protection," Edward Nowak, deputy minister of industry, told RZECZPOSPOLITA after a meeting of a Volkswagen delegation with former Prime Minister Waldemar Pawlak.

He added that "the initial agreements indicate that the agricultural vehicle factory in Antoninek near Poznan will produce 20,000 vans and T4 minibuses. The amount of capital involved will reach \$80 million. Moreover, in conjunction with the contract, and this seems more important, a comprehensive financial restructuring of the greatly indebted factory of agricultural vehicles will become possible."

Lech Walesa, president of the Republic of Poland, also received the Volkswagen delegation led by Chairman of the Board Daniel Goudevert.

During the previous talks with Volkswagen representatives in June, there were discussions on the possibility of the company taking over 51 percent of the ownership of the Poznan factory, and in the future possibly of the

remaining 49 percent. A desire to enter into a potential partnership has also been voiced by the creditors of the factory for agricultural vehicles—Polmot, Wielkopolski Credit Bank, the Agency for Industrial Development, the State Insurance Bureau, Inc., and Polis, Inc.

The partnership, which holds the exclusive right to export the T4 to Eastern Europe, would take over the largest plant producing the Tarpan (500 employees). The remaining plants, which employ 900 individuals, would probably make parts, auto subassemblies, and the Tarpan (the Honker version with the Italian Iveco engine), which has been produced since 1973 (80,000 have been produced so far) for export to Germany.

The first T4's in the delivery version—announced at the Hanover automobile fair in 1992—would leave the factory in October 1992. Ultimately, production is to reach 20,000 vehicles annually along with some production of the LT microbuses. During the first phase of the contract, assembly of the vehicles would exclusively use parts imported from Germany. After the modernization of the plants of the factory of agricultural vehicles, body welding and painting would be possible in Antoninek, especially since painting is this factory's strong suit. Only the compact car factory and the automobile factory in Warsaw have equipment of similar quality.

Since 1988, sales of Volkswagen vehicles have increased by 60 percent, but costs have increased by 68 percent. The financial performance of the company is greatly burdened by large investments. In 1991, Volkswagen produced 3.27 million vehicles and earned 76.3 billion German marks [DM], an increase of 12.1 percent. Volkswagen invested DM9.9 billion in 1991 or nearly 85 percent more than in 1990. During the first quarter of 1992, Volkswagen's sales, excluding the Skoda, increased by 11 percent. During the current year, sales should reach 3.6 million vehicles.

Among the many Volkswagen plants, those in Germany have shown the poorest performance. They pay the highest wages in the industry, an average of DM71,000 annually. Nevertheless, Volkswagen was fourth in 1991 behind GM, Toyota, and Ford in world rankings of automotive products.

In development plans through 1996, Volkswagen expects to invest DM82 billion. In addition to investments in Poland, they will consist of expansion of cooperation with Skoda and assembly of the Passat in Slovakia, new factories in Spain (SEAT, Polo), in the eastern part of Germany (Polo), in China (Golf, Jetta), in Portugal (Monospace with Ford) and in Mexico. After completing all these investments, Volkswagen's production should increase to 4.5 million from 3.5 million vehicles annually.

Prospects for Higher Fuel Prices, Shortages

90EP0560A Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 25 Jun 92 p 1

[Article by Antoni Kowalik: "Who Governs the Fuel Market: Gasoline Price Increase for Now"]

[Text] "By the end of this week, the situation on the liquid fuel market should be normal, and a price increase for gasoline should no longer be necessary," said Industry and Trade Minister Andrzej Lipko during the press conference on Wednesday devoted to ministry plans for industrial and energy policy.

In A. Lipko's opinion, the current fuel market situation was caused by increased holiday purchases, by the start of the vacation season, and also by the rumor of price increases. A small disturbance in the work of the refinery also contributed; the Plock refinery is now working at full capacity, and the Gdansk refinery should reach full production capacity in a few days. The government has decided to reduce the turnover tax on ethylene from 150 percent to 130 percent, and on diesel fuel from 55 percent to 47 percent of the import stated dutiable value plus the customs duty. The minimum rates for the turnover tax have not been changed. For now, price increases are not necessary.

"We must decide," said A. Lipko, "on whom the imports of fuel should depend. Should we depend on such large firms as Ciech and the Petroleum Products Center, who always 'have the goods on the shelf,' or also on small private importers counting on making a profit on every liter. If profits decline, then sales will also decline following their own interest. In May 1992," Minister Lipko said, "private importers did not import a single ton of gasoline."

Asked whether the distribution of concessions had not contributed, he answered, certainly, but a coordination of decisions in this matter is necessary. The Foreign Economic Cooperation Ministry issues the concessions, the profitability of fuel sales depends on the Ministry of Finances, the Ministry of Privatization is the parent body of the Gdansk refinery, and the Ministry of Industry and Trade is the parent body of the Plock refinery. Given such a dispersal of decisionmaking, it is difficult to have a unified policy and an effective flow of fuel to the market.

Speaking of the documents on industrial and energy policy published in the last few days, A. Lipko emphasized that they should be implemented regardless of the political group that takes over the economic ministries. There is one path to a market economy. The principal issue is the financial instruments of these programs.

"The industrial policy plans (which we have discussed already in *RZECZPOSPOLITA*—ed.) are a result of the need for active participation by the state in directing the economy," said Deputy Minister Edward Nowak. "Opening the economy has caused irreversible effects in

industry, and not only damage to the interests of the consumer. A policy that will allow enterprises to adapt themselves to the demands of the market is needed. We cannot afford extreme liberalism or socialism," said E. Nowak. "The state has the right and the duty to influence the economy."

Foundation for Energy Conservation Established

90EP0560D Warsaw RZECZPOSPOLITA
(*ECONOMY AND LAW* supplement) in Polish
24 Jun 92 p III

[Article by Mariusz Pawlowski: "The Foundation for Respecting Energy Is Already in Operation"]

[Text] One of the institutions whose charter activities include promoting and financing undertakings to save energy is the Polish Bank for Development. In November of 1992, the bank concluded an agreement with the Agency for Industrial Development to create a pilot credit line of 30 billion zlotys [Z] to finance purchases of equipment to reduce energy consumption by individual users, legal persons, and organizational units without legal identity. Preferential interest rates were set for the first year at 29.75 percent annually, and in the future the rates will be set according to an indexed rate.

The bank also began negotiations with foreign financial institutions, including the European Bank for

Reconstruction and Development, to form a revolving fund to finance energy-saving investments in housing construction and industry.

The most recent initiative of the Polish Bank for Development is the formation of a Foundation for Energy Conservation with an initial capital of Z21 billion, which is to identify causes and sectors of the economy consuming excessive quantities of energy, to determine possible methods for saving energy and reducing the costs of producing energy, and to create financial, legal, and political mechanisms favoring changes in the current approach to the use of energy. These activities will be supported by comprehensive information services, financial and economic advising, and direct help, by providing loan guarantees and sponsoring energy-saving investments, production of modern materials, equipment, and purchases of technology.

In the near future, the foundation intends to form an agency to serve as an office of analysis to develop a list of standards and legal provisions that are obstacles to saving energy, along with proposed changes in them (taking advantage of proven methods from Western Europe).

It is equally important to find new partners for this open initiative. Initial interest has already been shown by the Bank for Development of the Power Industry, the Environmental Protection Megabank, and the Wielkopolski Economic Bank. Talks are underway with foreign institutions on training specialists, and for access to know-how and joint investments. In a few months, the foundation will present government institutions with an analysis of those areas of the national economy which should be subjected to a thorough energy restructuring.

Constantinescu Favors Fewer Presidential Powers

PM2207111092 Rotterdam NRC HANDELSBLAD
in Dutch 19 Jul 92 p 5

[Report on interview with Romanian Democratic Convention presidential candidate Emil Constantinescu by Peter Michielsen held in The Hague on 16 July]

[Text] The Hague, 16 Jul—"I am only a simple man who lives in an apartment and leads an everyday life," Emil Constantinescu said. "But I am, I suppose, a simple man who wants change. A country cannot be rich if the individual is not rich, cannot be prosperous if the individual is not prosperous. In 1990, Iliescu won Romania's presidential elections with slogans, with demagoguery, and with promises that have not come true." I want change, he said. "And I want to speak the truth. Not something impossible. The truth."

Emil Constantinescu wants to become president of Romania. When Romanians elect a new parliament and a new president on 27 September, he—a geologist, a slight, amiable man of 52 with graying hair and graying beard, and with a very expressive face—will take up the fight against Iliescu and a handful of rivals with less of a chance.

It came as a great surprise when, at the beginning of this month, the 16 parties of the Democratic Convention (CD) opposition coalition selected him, Prof. Dr. Emil Constantinescu, as their joint presidential candidate, and not a much better known CD leader such as Nicolae Manolescu or Ion Ratiu. Emil Constantinescu? Almost no one had heard of him, no one outside the small world of Bucharest academics and intellectuals. Emil Constantinescu had never made an impression, was a blank page politically, had only once—during the miners' revolt—played a small role. But that was a long time ago and was little known in broader circles.

At the beginning of this month there were also negative reactions in the opposition media. ROMANIA LIBERA sent reporters out onto the streets to ask passersby for their comments on the name of Emil Constantinescu; no one was able to say anything sensible. EVENIMENTUL ZILEI even speculated that he had been a compromise candidate and that in choosing him the CD had distanced itself from the virulent anticommunist rhetoric of the past. But many an observer, including Ion Critoiu of EXPRES, reached the conclusion that with this choice the CD "has committed harakiri."

Constantinescu himself—currently in the Netherlands as the guest of the Christian Democratic Appeal, which is giving him a West European roundtrip to help him to make the political contacts which he will probably need and which will help him in his campaign—is not so worried about his obscurity. He is no compromise candidate: "I fit into the profile, made within the CD, of the ideal candidate: I appeal to many socioeconomic groups, I am independent, I am not a member of a party, since 1989 I have shown that I have management qualities,

and I enjoy professional prestige. That is what people were looking for." This convinced 47 of the 67 electors who were finally able to select their joint candidate.

The fact that I am unknown is not in itself a disadvantage, Constantinescu said. "The most well-known politicians in Romania are known in a negative sense. Being an unknown can be an advantage for the man who knows he has an important party behind him. The liberal candidate for mayor of Bucharest was even unknown to the leadership of his own party. He was elected nevertheless. And I am receiving much support," Constantinescu said, "from the leaders of the trade union federations, the employers' organization, from the Church, from education." "The union of teaching personnel," he said, "last week elected me chairman of the council for educational reforms." In addition, the campaign has only been going on for two weeks: "I travel around, I travel throughout Romania. I appear on television. People are beginning to get to know me."

But does he have a chance? Constantinescu is an engaging man, friendly and cautious, sensible. He is also an intellectual, not a political animal—not a smooth populist like Iliescu, the former communist or neocomunist who was elected in 1990 with 85 percent of the votes and who, according to the latest opinion poll (carried out when Constantinescu's candidacy has still not become public knowledge), still manages to achieve 30 percent of the vote—12 percent more than the next man on the list, Ion Ratiu. But Constantinescu does not believe in polls: "Polls are manipulated and I can give you examples of that. For us the recent local council elections are the best opinion poll. The CD won in all major cities. In Iasi, where Iliescu was long party head, he received 90 percent of votes in 1990. In this year's election for mayor our man won 60 percent there."

The Romania of today is not longer the Romania of 1990, Emil Constantinescu said. "The West has blamed the entire Romanian people for the election of Iliescu in 1990. But there was much fraud and loose promises were made. The question is: Why did the Romanians elect a former communist? Because after December 1989 he took immediate steps: He improved food supplies, introduced free Saturdays, allowed abortion, freedom to travel. All of this had already been achieved elsewhere in Eastern Europe, but it made a great impression in Romania. Everyone had the feeling of being given something personal. After 40 years of disintegration and decline, everything was projected onto the person of Iliescu. People said 'Iliescu ne-a dat'—Iliescu gave us things. That is why people elected him."

Now the mood is different, the slight nonpolitician said. Iliescu and his team have made too many mistakes. "Iliescu is dangerous—not for me, but for the country, for democracy." But, Constantinescu said, I do not want to play on his person. "The great danger lies elsewhere, in the scenario that threatens, in the economic crisis followed by a social crisis that in its turn causes a

political crisis and makes the country ripe for a totalitarian intervention." For this reason, Constantinescu said, the cause of democracy is now the most important thing; that is why it is time for change. "And our task is to show that real change is possible and that we will achieve it."

Success is no longer certain, for the opposition to Iliescu is divided. Constantinescu may have the support of 16 parties, including the important party of the Hungarian minority, but Romania does have 130 parties, including nine Christian democrat, five social democrat, six liberal, 14 "national," and six environmentalist parties. And many of the parties field their own candidates—even the most important liberal party, which left the CD because leader Radu Campeanu would himself like to become president, and which played a fairly dubious role in ethnically divided Transylvania through flirtation with the supporters of the extreme right. The anti-Iliescu voice is fragmented.

Even if Constantinescu were already elected, the question is: To what extent can he force real change, for the president's powers are relatively limited? He is above politics and may not be a member of a party. Constantinescu does not view this as a problem. In the past, he said, the president had too much, rather than too little power. "In Romania the institution of the Presidency has been smuggled into the democratic system like a kind of Trojan horse. The president has little power in times of calm, but much power in times of tension. I myself have said that as president I want fewer powers." Those that remain are quite sufficient, he said. "The president has the right to appoint the director of the secret service, and thus to penetrate the shadowy power of the old Securitate that has been strengthened rather than weakened by Iliescu. The same applies to appointments in the judicial system where all trials that could throw light on the 1989 revolution are being obstructed or delayed." For let us not forget, Emil Constantinescu said, Romania is not a nation of laws. That is one of the worst aspects of the state of affairs in Romania.

CD Presidential Candidate Meets Press

92BA1204A Bucharest DREPTATEA in Romanian 1
Jul 92 pp 1-2

["Excerpts" from 29 June press conference held in Bucharest by Democratic Convention presidential candidate Emil Constantinescu]

[Text] During a Monday [29 June] press conference, the presidential candidate of the Democratic Convention [CD], university professor Emil Constantinescu, said, among other things:

- I have come before you to mark the beginning of a road I will have to travel on behalf of those among the present Romanian society who want radical change.
- Our material resources are very limited. But we have on our side the people's exasperation with lies and suspicion, pain about the divisiveness, and disgust

with corruption. We have on our side not only our people's weariness with intolerance and hatred and the need for stability and clarity, but that of the international public, who wishes to view Romania as a part of Europe.

- The first press reactions to my nomination revealed a certain puzzlement, if not downright irritation, with the fact that I am such an unknown. Some detachment will be required in order to get to know me, and that is the purpose of our meeting.
- The electoral campaign will be anchored on determination regarding the principles and fundamental ideas of the CD program. I will rely on direct dialogue with representatives of as many segments of our society as possible. For three months I intend to travel to villages, cities, factories, and building sites in order to talk to many of the people I had an opportunity to meet in my 27 years of field work.
- I stressed before the Electoral Collegium that, as soon as possible, the CD must make a study of Romania's international policy and the guidelines that it must follow, and this will be done.
- Regarding Bessarabia, the situation has become very serious because of the absence of a clear strategy—either because of lack of transparency, or because of the clumsy attempts made to implement it.
- In any democratic country in the world, when there are international crises, the party in power consults with the opposition parties. That either does not happen in Romania, or it happens in a formal manner, when party leaders are summoned to Cotroceni.
- Real consultation requires access to information. We are in the same situation as the man in the street who finds out things from the newspapers. This is not normal. If there will be changes both at the presidential and the parliamentary level, I will resolutely instate such forms of consultation with all of the country's responsible political forces at times of crisis.
- The way the present Constitution is worded, the presidential institution is like a Trojan horse introduced into the constitutional system. I want to clearly announce my intention to interpret restrictively those prerogatives that allow the president to intervene in the affairs of the executive and legislative branches, meaning abstention from any interference in parliamentary and government work.
- I also plan to severely cut back presidential services and special units. If you want something more specific, I hereby announce my intention, if I am elected, not to live at the Cotroceni Palace, for two reasons: Because it seems to me to have been forcibly and illegitimately annexed to the presidential institution, and because, considering the times in which we live, the elected president will have to show greater modesty and decency.
- Regarding the monarchy and all important issues, the president must be the first to guarantee that the nation will be consulted. A given act may appear democratic and actually be profoundly undemocratic. Choices must be made consciously, on the basis of

thorough and objective information. The information provided about the monarchy must not be promonarchy, but truthful.

- I think that CD party leaders who fail to observe their pledges and protocols in support of the CD candidate are committing an act of political suicide.
- One of the attributes requested by the University Solidarity and the Civic Alliance for the nomination of their candidate is that he should be independent and not belong to any political party, in order to preempt (according to the Constitution) the need for a formal resignation.
- An independent candidate can act as a link among the convention parties. Moreover, judging by the signals coming from the people, they would prefer such a candidate.
- Other advantages: My legal and technical training, which will help me conduct a dialogue with a larger number of sectors of Romanian life; managerial experience—for two years I managed the University of Bucharest, an institution operating with a current budget of 1.5 billion lei and close to \$500,000; my direct contacts with peasant and workers, thanks to my work.
- Regarding the fact that I allegedly enjoy no notoriety: There are two kinds of notoriety, a positive and a negative one. Most present-day politicians in our country—and I'm saying this with restraint, I don't want to be mean—"enjoy" mostly a negative notoriety.
- What does political experience mean in Romania? If we're talking about political experience prior to 1989, such experience was generally negative regarding those in leadership positions. Political experience meant "unswervingly implementing the recommendations" coming from above. What can be now more negative, when one needs to show initiative, adjustment to what is new, and creativity, than a person trained in a system in which he received orders and passed them on?
- If we're talking about political experience after 1989, which means at most two and a half years, but which in some cases is counted in months, that shows lack of faith in the people's capacity to understand a message based on principles and lack of faith in the capacity of the press to send and receive such a message. And as I was saying, I'm relying on you.
- In the matter of the files, I think that every person should be allowed to have access to their own file. As for the informers, I don't think that making all their files public can be of any use.
- The nation does not care whether technician X, let's say, in some plant, once made a report. Such files shouldn't be opened at this time. Instead, we must create the kind of climate in which such persons can find relief in confessing.
- Regarding candidates to public office—which means first of all the president, then the Senate, Parliament, and government—their files must be publicized in full before any proposal is made. In fact, in my first interview to EXPRES I asked that my securitate file be made public, if I have one.
- My chances in the presidential race do not lie in the attributes I may be assumed to possess, but in the fact that I represent the CD, which currently appears as the leading political force even in the most dubious polls, and in the fact that the people will react positively to this democratic attempt to nominate a candidate selected from among a very extensive group of political personalities.
- I think that in the coming few weeks we will see an increase not so much in the chances of the presidential candidate, but in the popularity of the CD, which conceived and perfected this democratic and transparent system.
- Regarding future electoral confrontations on television, I think that no one can be defined by negative campaigning, but by asserting their own personality and program.
- I do not belong to those in favor of excessive concentration of the presidential campaign on one individual. We must rid ourselves of this obsession of President Iliescu's and, generally speaking, we must not confuse a high number of appearances in the mass media with the trust of the electorate.
- I believe that my status as a former party member who evinced a resolute, clear, and principled preference for democratic changes will dispel the diversion created precisely by circles close to the cryptocommunist power and among party activists, representatives of the nomenklatura, and mere party members, whose purpose is to attempt to indict four million Romanians.
- What counts is the person himself, and from this viewpoint my biography is known, it contains no dark corners, and I take responsibility for everything I did before and after December 1989.
- Everyone has weaknesses. One of them is pride and as we all know from the time we were playing as children, or those of us who engaged in sports, losing is not easy. That is when you see a person's character. Regarding the participants in the race for the nomination of a joint candidate, they behaved exceptionally well.
- I was moved by the attitude and spontaneous support they showed me. Mr. Ratiu gave me the carnation he had held in his hand throughout the duration of the contest. Mr. Cunesco embraced me, like today, with touching sincerity. As for Mr. Manolescu, our mutual appreciation and friendship go back a long time. I always got along very well with Mr. Nicu Stancescu and I am confident of his continued support.
- If we win the election, both the convention and the country will enjoy broad international support, precisely because the CD rallies diverse political and ideological positions, from Christian democracy and liberalism to real social democracy, all under the banner of democracy. That is precisely what the West expects from us. And what we expect from the West is not mere aid, but cooperation based on our establishing structures similar to Western economic, social, and political structures.

- We will never have genuine cooperation with the West as long as we preserve cryptocommunist structures.

Discussion of FSN Candidates for Presidency

92BA1245A Bucharest *TINERETUL LIBER*
in Romanian 10 Jul 92 pp 1, 3

[Article by Dan Stanca: "The National Salvation Front Candidate"]

[Text] This month we will find out the FSN [National Salvation Front] nominee for the presidential office. After the big do at the FDSN [National Democratic Salvation Front] conference, whose result was, as expected, still an owl's song, and after the Democratic Convention stammered and stuttered in its unmistakable way, now it is the turn of the FSN-Roman to come out on stage. Its great trump card, the current prime minister, being as good as lost since Mr. Stolojan stubbornly refuses to bite, while the former prime minister, a lower trump, is austere remaining in the shadows, the FSN finds itself in the situation of having to propose to its electorate three interesting, vaguely cosmopolitan personages with recognized experience in government: Victor Babiuc, Caius Dragomir, and Eugen Dijmarescu.

The first served as minister of justice in the Roman administration, and is weighed down by the whole circus of the 1990 trials; at the same time, however, his name is also linked to the terrible communique released at the end of the same year, when he promised to do everything possible to flush out the terrorists—a brave and admirable gesture, even though perfectly gratuitous, as it turned out! He now serves as minister of the interior and is conducting a not exactly cordial dialogue with the SRI [Romanian Intelligence Service] in an attempt to impose his own game plan. Another important fact we must add is that he was not a party member. And last but not least, he is a convinced supporter of democratizing the Interior Ministry and turning it into a defender of the civic society.

The second, Mr. Caius Dragomir, is an excellent theoretician. *LUCEAFARUL*'s readers know that for more than one year and a half he has been running a scholarly series on the vicissitudes of the transition period. Mr. Dragomir has been equally hallowed by the fact that he signed Point 8 of the Proclamation of Timisoara, thus being in the Roman team one of the most zealous disciples of the break with communism. He holds the Information portfolio in the present cabinet and, though the goatee he sports makes him somewhat resemble Mr. E. Constantinescu, his harsh and belligerent style, and his slightly Mephistophelian air recommend him as a candidate to be reckoned with.

The third, Mr. Dijmarescu, belonged to the Roman cabinet from the beginning and always presented the haughty appearance of a cynical and distinguished businessman. He also served as chairman of the FSN organization for Bucharest, from which he withdrew at a

critical moment as if foreshadowing the coming storms of the Romanian-Ilescu wars. In fact, he belonged to the famous phalanx of technocrats with whom Don Pedro [Roman] tried to impress the IMF, the World Bank, and the entire Dimbovita Mafia, but which collapsed lamentably in the face of the latest raid of the miners.

Who of the three will be nominated? In the end the FSN electors will probably lean toward Mr. Babiuc, because he is more genuine, more "one of us," and thus is different from the arrogance of the other two. That, however, may be a risky assumption. In fact, the FSN choice is not as important as its chances in the electoral contest. The "field" struggle between the FSN and FDSN to bolster the local party cells is, and will continue to be, dramatic. While the situation is fairly clear at the "center," disputes are still raging at the local level; former dignitaries and profiteers of the Ceausescu period, quickly disguised into FSNists after December 1989, no longer know what disguise to adopt. They feel pulled to the FDSN, their "roots," so to speak, on the other hand they sense in the new FSN some kind of perestroika to the perestroika that they cannot abandon, because they know it will protect their interests. Naturally, the time gained by holding elections in the fall works in favor of the FDSN.

But the FSN is not sitting idly by. It is increasingly pushing the idea that it is the defender of true democracy. Clearly the new FSN took and continues to take over many of the arguments of the opposition, from which it at the same time wants to distance itself, by naming it, for example, the "archaic right." Presented with a drifting PNL [National Liberal Party], the FSN is trying to take its place by suggesting itself as the true champion of native liberalism. But the old cliché, that the disarray in the economy is also due to the bad management of the Roman government, is still hovering over it. Will the FSN nominee be able to neutralize all the charges chalked up to the account of that government? That is apparently the question. Unless Mr. Stolojan will create a sensation and show up again on the FSN side of the board.

FSN's Caius Dragomir Views 'Rebirth, Reform'

AU3007154292 Bucharest *ROMPRES* in English
1251 GMT 30 Jul 92

[Text] Bucharest *ROMPRES*, 30/7/1992—"The Romanian revolution (of December 1989—editorial note) was a revolution for rebirth rather than a revolution for reform," stated in an interview with the newspaper *TINERETUL LIBER* Caius Dragomir, the National Salvation Front (FSN) candidate for the Presidency of Romania. In his opinion, "the reform was a stage of that rebirth" and "everything we all wanted in the days of the revolution was that Romania should change altogether rather than only part with communism." Caius Dragomir showed he was to run in the elections on behalf of the political party of which he is a member and said that the concept of "rebirth" had been launched by himself in

an article titled "Rebirth and Reform" written almost two years before. Furthermore, the FSN candidate said that the intention of his electoral programme was that "the Romanian nation should turn into a great, modern nation."

The FSN candidate also added that he was "a person who represents change in Romania, a change to be made on the basis of a rounded-off outlook, which has already been asserted and which has already have results."

Stolojan Criticized for Replacing Prefects

*AU3007170592 Bucharest ADEVARUL in Romanian
22 Jul 92 pp 1, 3*

[Article by Sergiu Andon: "Mr. Stolojan Interferes in Ethnic Affairs, and That Is Bad"]

[Text] The week began with a shock for the counties where a large number of Szeklers [Transylvanian Hungarians] are living. Without prior warning, Paul Jerbas, government general secretary, arrived in Sf. Gheorghe, the seat of Covasna County, with Government Decision No. 388 of the current year. In accordance with it, Prefect Francisc Fodor was replaced by Dan Ioan Stelea. Until his appointment, the new prefect was commercial director of the Plastic S.A. factory in that town. The former prefect was offered the position of sub-prefect, but, taken by surprise, Fodor postponed giving a reply, giving the impression that he preferred to return to his former profession of agricultural engineer.

For the time being, we will not dwell on local commentaries and what this change means in the preelectoral period. We will just pursue the facts and the speed with which the representative of the central executive authorities acted. After implementing the change, Jerbas got into his elegant limousine and speeded away toward Miercurea Ciuc. In his briefcase he had Government Decision No. 389. The stamp was as new as the one on No. 388, since both decisions had been issued on 18 July. At 1600 [1300 GMT] the Harghita prefect was also replaced! Emeric Pataki was replaced by Doru Vosloban, a lawyer who had been the secretary in the prefect's office. Pataki is expected to retire.

Local rumors in Miercurea Ciuc betray much more about what is going on behind the scenes than the commentaries in Sf. Gheorghe. Thus, it seems that for a couple of weeks or so, the government consulted with representatives of political groups in the two counties regarding the decision that was to be made. Representatives of the Democratic Union of Hungarians in Romania and of the National Peasant Christian Democratic Party even affirm that they disagreed with the changes made by a transition government just before its mandate expires, something that means the installation of either prefects who are even more provisional than the government itself (meaning instability in local administration), or successors of such colors as to disagree with the composition of the future parliament and the future executive branch. The same well-informed sources hold

that the local representatives of the National Salvation Front [FSN] were the ones to press for this change and, as can be noted, were successful.

If the prime minister does not explain rapidly and convincingly what the reason is behind these replacements and their bizarre coincidence, then public opinion will definitively conclude that in his nationality policy he is following FSN policy. Such a conclusion is absolutely undesirable. Unfortunately, this is also suggested by the "nine men's morris" move at the level of subprefects: In Covasna the Romanian subprefect Topolnitchi was relieved of his position, which was then offered, as I have pointed out, to Fodor. In Harghita County, Nicolae Vasu's position of vice prefect was abolished and Gyorgy Varadai retained his position of vice prefect. This used to be the procedure of the organizational section during the Ceausescu regime

Offer to King Mihai To Campaign 'Theatrical'

*AU2907142992 Bucharest ROMANIA LIBERA
in Romanian 22 Jul 92 p 1*

[Article by Octavian Paler: "Royal Politeness"]

[Text] Over a century ago, I.C. Bratianu associated his name with the creation of the kingdom of Romania. A few days ago, Mr. Radu Campeanu associated his name with the idea of turning a king into a president. There is an abyss between the two events. Thus, when I heard about this theatrical hit in the liberal camp, the first question I asked myself was: Why does the Liberal Party [PNL] insist on slighting its own traditions?

If Mr. Radu Campeanu wanted to perplex us, he succeeded. Nothing is clear in the offer made to King Mihai to run for the Presidency except the fact that the liberal leader showed a strange lack of tact when he brought the king's name into an election contest without even consulting him beforehand. And what is especially unclear is whether Mr. Campeanu imagined that King Mihai would take such an offer seriously or whether he was just creating an election shock, something to create confusion and personal advantages at a time when political games are precisely what need we least. I expected a sharp response from Versoix. However, with truly royal politeness, King Mihai preferred to overlook this tactlessness of the liberals. Then a communique from His Majesty's Press Bureau made us realize that there is also a deeper meaning to this politeness. No word about hurt pride. Nonetheless, the king is willing to consider all initiatives favoring his return as sovereign, as the symbol of reconciliation, and as a guarantor of national unity. Something that settles things in a calm, discreet, but clear way.

And it was indeed necessary to clarify things, because this offer by the liberals actually was in effect a request to King Mihai "indirectly" to abdicate for the second time. And this time of his own accord. And definitively. For, the abdication imposed through blackmail by Stalin's envoys in December 1947 never was a legitimate act. The mere ascertainment—out of common sense—that

Stalin's wishes can no longer embody the law in today's Romania makes King Mihai Romania's rightful sovereign. This does not mean turning back the wheel of history, but rejecting a curse according to which any oppression is definitive, while the wrong done becomes legitimate merely because it has been committed. Certainly, had we been further unable to emerge from what Vyshinsky's fist decided for us, then our resignation would be justified; however, at this point the problem can be posed only in the following way: Do we view an illegitimacy imposed by Stalin as legitimate? Or, by rejecting it, do we return to a free history? Unfortunately, the liberal offer followed the first alternative. It consoled itself with the wrong done. Moreover, it tends to lend it legitimacy. And, alas, this second abdication has been proposed by a historic party with a glorious tradition, which was interrupted by the same regime that eradicated the Romanian kingdom and placed ideological "majesties" at the helm of the country. Mr. Radu Campeanu proposed King Mihai change from rightful king of Romania into a possible president. In this way, 45 years of unlawful history would have been consecrated and legalized.

The liberal offer was also surprising for another reason. Mr. Campeanu understands very well what the difference is between a sovereign and a president. The king reigns; he does not govern. He is an impartial guarantor of national interests. Only Mr. Iliescu and his followers, who never miss an opportunity to demonstrate that they have thoroughly acquired the lopsided logic according to which we have progressed by moving on from a constitutional monarchy to a "presidential" dictatorship, have a rudimentary view on monarchy, a view that was formed in the shadow of Soviet tanks and has persisted—I can see—until today, despite all events. Therefore, I am surprised to note that the liberals have proposed to King Mihai that he lower himself to the dust trailing behind the struggle for power by renouncing his status of national symbol and unprovisional power. Why did they do this? There was talk about a maneuver with secondary effects; about an attempt to trouble the waters of the Democratic Convention, and even about a double game: By apparently revising his reservations about the monarchy—which are sometimes anything but elegant—Mr. Campeanu, some people hold, tried to lend a helping hand to Mr. Iliescu by discrediting the monarchy. There were also speculations in connection with a possible calculation in which realism came before principles: Since the road to a new Romanian monarchy would be too long and winding, King Mihai has been offered the chance of running for the Presidency. Except that such reasoning, if it existed, suffers from a basic fault. In the case of King Mihai's personality, royalty is not just any attribute. A king is no politician, but embodies the very destiny of a nation. This was also demonstrated by the days of grace in Bucharest during Easter when King Mihai was among us. How can I visualize the king involved in this crude race to ascend the republicanized seat of Cotroceni Palace? Honestly speaking, I cannot. And that is probably why I said to myself that politeness

prevented King Mihai from giving a caustic answer to an offer that would have equated Ion Iliescu to a king. Later, however, I understood that beyond this royal politeness there is more than just a wise reticence. There is still the hope that histories of oppression will have an end.

AM PRESS Cited for Military 'Disinformation'

92P20352A Bucharest DIMINEATA in Romanian
23 Jun 92 p 3

[Unattributed article: "AM PRESS Violates Journalistic Ethics Once Again—From the Press Bureau of the Ministry of National Defense"]

[Text] The publication—by the dailies TINERETUL LIBER, CURIERUL NATIONAL, REALITATEA ROMANEASCA, DREPTATEA, and ROMANIA LIBERA—of an item by the AM PRESS press agency stating that persons with important positions in the Army have recently taken the position that "the chaos which might result from the postponement of elections until the last few months of the year could be quelled only by a military dictatorship" and that "the solution of a military regime in Romania would be an extreme measure, but one that should be taken into consideration in light of the situation in neighboring countries and as a result of the aggravation of the domestic economic and sociopolitical situation that might require a military-type administration" is a deliberate act of disinformation consisting of the construction of tendentious and unsubstantiated speculations, generated by a desire for the sensational. According to the Constitution, the Romanian Army has the task of defending the unity, independence, sovereignty, and territorial integrity of Romania, and constitutional democracy. Therefore, the circulation, on the basis of false information supposedly received from "high-level sources," of the idea that the army wants to install a military dictatorship is an insane action, intended to expand internal tensions, and to generate a state of anxiety and uncertainty among the people of the country.

We note, with regret, that this is not the first violation by AM PRESS of ethical norms by the publication of inaccurate or malevolent information regarding the military. In addition to the damage caused to the institution of the military, the treatment of problems in such a manner only casts doubts on the professionalism and honesty of the agency in question, creating serious confusion among the readers.

On the basis of the principle of transparency, we are asking the AM PRESS Agency to reveal the source which it says provided this assertion.

We ask the editors of all publications to seek the necessary explanations from the Army Press Office when they receive information on military matters from sources other than the Ministry of National Defense, so that the readers can be correctly informed.

Resignation of National Bank Governor Urged

92BA1244A Bucharest *TINERETUL LIBER*
in Romanian 9 Jul 92 pp 1, 5

[Article by Nicolae Iliescu: "Logically, the National Bank Governor Should Resign"]

[Text] Initially, our postrevolutionary democracy operated according to the wishes of the first two smiling faces of the country, favored by both the incompetence of some people propelled into leadership positions, and the docility and lack of backbone of many professionals trained to applaud "wise decisions." The scope of the disaster could have been largely contained if, throughout this period, the National Bank had been managed by professionals interested in utilizing financial resources efficiently. Unfortunately, in the postrevolutionary period, this institution was characterized by blind implementation of all the measures designed to bribe the electorate. How much better the National Bank's reputation would have been today if some of the members of its management had been fired in protest against the countereconomic measures of our so-called postrevolutionary politicians!

Unfortunately, the National Bank missed its opportunity to promote moral values among its management, and became an accomplice to the death of the Romanian economy. Its political, rather than its economic role was also reinforced by the appointment of Mr. Mugur Isarescu as governor, whose special recommendation was that he was close to the powers of the day, and who turned out to be a faithful implementer of any economic aberration. After his appointment, he quickly became a traveling loan agent and had no interest in how to utilize both the existing domestic resources and the foreign resources drawn in. He can take pride in his rather considerable contribution to the economic blockage created. Justifications such as "the independence of commercial banks with state capital" are nothing but dust in the eyes of the public. Just like the famous Pontius Pilate, at his latest press conferences Mr. Mugur Isarescu has been trying to wash his hands, something that brought him into conflict with Mr. George Danielescu, who stated that "the Romanian economy is managed on the one hand by the Ministry of Economy and Finance, and on the other by Romania's National Bank."

In any case, we do not think that the results achieved by the National Bank and its contribution to improving the Romanian economy, justify keeping Mr. Mugur Isarescu on as governor; the real reason for that is his docility toward the representatives of the government. His embarrassing excuses for not fulfilling certain promises, based on typical lawyers' pettifoggery, make us view him as the occupant of some parliamentary seat rather than as a bank functionary. The banking system is founded on credibility. Credibility, however, is not achieved by optimistic declarations quickly contradicted by reality. Moreover, it relies on people who in all their activities have demonstrated that they can fulfill their promises to

the letter. A western banker's entire career may be ended merely by being recognized in a casino. Failing to honor obligations, disinformation, and involvement in bankrupt businesses will not only make a banker disappear from banking life, but the damage caused to his own bank will be enormous. In the absence of a banking monopoly, the prosperity of a bank depends on the prosperity of its customers. A bank or a banking system that indifferently watches its customers go bankrupt, or even lends them money when they are clearly insolvent, is writing its own death certificate.

What are we to say when the National Bank governor himself stubbornly supports a certain monetary policy, admittedly aware of the fact that this policy will lead to artificially bankrupting many customers of the Romanian banking system. The causes of inflation cannot be removed by exaggerated interest rate increases, especially in Romania's particular situation, in which the national currency is de facto good only in this country. The nationalization of hard currency, even if it was explained by the desperate situation that prevailed last winter, was also not an element apt to increase faith in the National Bank policies. Potential foreign investors and exporters cannot be certain that difficulties generated by the indifference evinced in the management of the state sector will not in one form or another lead to a repeat forced "relinquishing" of hard currency. Moreover, no serious studies were undertaken of the manner in which the state's foreign currency reserves were wasted, and no measures were taken to punish those who had been in charge of managing them. Rumors that many of those holding the reins of power directly or indirectly profited from the chaotic management of the state resources are beginning to be confirmed by their lack of interest in elucidating this new postrevolutionary mystery.

We think that the first step required to restore the moral credit of the Romanian banking system is to appoint a new National Bank governor, who should be an expert in the field, politically uninvolved—either directly or indirectly—and possessing credibility in the country and abroad. Perhaps Mr. Stolojan, despite his failure as prime minister, may be the short-term solution, provided he has not been contaminated by the political deficiency syndrome.

However, persons in managerial positions in both state and private banks (managerial meaning from department head and up), could elect from among several candidates the one capable of smoothing out the wrinkled reputation of the Romanian banking system.

High Court Appointments Called 'Political'

92BA1223A Bucharest *CURIERUL NATIONAL*
in Romanian 8-9 Jul 92

[Interview in two installments with Teofil Pop, former president of the Supreme Court of Justice, by Madalina

Firanescu; place and date not given: "Appointment of Supreme Court Justices Influenced by Political Interests?"]

[8 Jul pp 1, 7]

[Text] [Firanescu] At the joint session of the Chamber of Deputies and Senate of 15 June 1992, 46 of the 48 justices nominated by the Romanian president to the Supreme Court of Justice were appointed by Parliament; you and another judge did not rally the number of votes required to stay on the Supreme Court. How do you explain that?

[Pop] I have long thought about it and have come to the conclusion that the Parliament's decision was influenced by at least four factors: the political interests of certain parties; the incomplete and unconvincing report of the joint legal commissions of the Chamber and Senate who questioned us before the Parliament plenum; my personal position in November 1981 regarding the Constitution; and the attitude I took toward Parliament at its 15 June joint session.

[Firanescu] Would you explain each of these factors?

[Pop] I think that the appointment of Supreme Court justices was to a great extent influenced by certain political interests and disputes. As a matter of fact, from sources I view as trustworthy, I learned that in the evening of 15 June, after the joint session of the Chamber of Deputies and Senate, at a meeting of the FSN [National Salvation Front] Steering Committee, Mr. Petre Roman told the party's Parliament members to strike my name off the list, saying that the president of the Supreme Court of Justice was President Ion Iliescu's "man"! For the rest, Senator I. Predescu was given a free hand to decide.

This report seems to be genuine, because the outcome was that the name of the president of the Supreme Court of Justice was crossed out from the list of nominations of the Romanian president, and that many judges received more than 150 votes against them. In my opinion, Mr. Petre Roman ignored two essential facts: The first was that, in June 1990, as prime minister, he and the president of Romania—at the time they were on the best of terms—together decided to entrust me with the presidency of the Supreme Court of Justice, because of my professional training and qualifications; the second was that, by law, the justices are not entitled to join any political party, and are not allowed to engage in politics. Consequently, for as long as I served as a magistrate I remained completely independent, both in my decisions and in the leadership of the Supreme Court of Justice, and kept away from any political disputes and power games. Regrettably, political dissensions have left their mark on the bench, an institution that throughout the world is independent, and whose members are appointed or elected solely according to strictly professional criteria.

[Firanescu] And the second factor you mentioned?

[Pop] The joint report of the Chamber of Deputies and Senate commissions that was presented to Parliament after each of the Romanian president's nominations was examined in the presence of the nominees, was unconvincing and inconclusive. Had the report been complete and informative, we would of course have been spared the embarrassment of personally appearing behind the microphone in Parliament for some kind of autobiography! Small wonder that Mr. Ovidiu Gherman, indignant about such a ridiculous situation, said he wished the earth would open under the dome of Parliament to swallow him and save him the shame of it! The report should have contained the curriculum vitae of each nominee, along with his character and professional qualifications. Unfortunately, the documentation circulated among the members of Parliament showed only the institutions where each nominee worked since graduation to the present, without stating whether their work was mediocre, good, very good, or exceptional.

[Firanescu] For the sake of curiosity, what did your description say?

[Pop] Simple! After graduating from law school I worked as an attorney, then as a judge, counselor, deputy director, and director at the Ministry of Justice, as minister of justice after the revolution, and as president of the Supreme Court of Justice.

[Firanescu] What else should the description have included for the members of Parliament to get a better understanding of your work?

[Pop] I did not say so before Parliament, because I found it difficult, it was like bragging. However, being a magistrate, everything I say is based on evidence. As deputy director and director of the Ministry of Justice, for 30 years I instructed many classes of judges and state notaries, teaching law to advanced professional classes. For years on end I sat on certification commissions that finalized and awarded professional grades. I was frequently appointed on doctorate commissions as a highly qualified specialist, and I wrote scientific papers on the dissertations of doctorands for their degree. I carried out an enormous amount of scientific work, having authored four books (two in collaboration with others) and published over 100 studies, articles, and notes in professional publications. In 1991 I received the Nicolae Titulescu award from the Romanian Academy for the book *Civil Law Treatise*, which I coauthored.

[9 Jul pp 1, 7]

[Text] [Firanescu] Let us discuss the third factor you listed in connection with your failure in Parliament.

[Pop] Yes. That was the position I publicly adopted about the Constitution in a Bucharest newspaper, in which I argued, citing examples, that the Constitution's norms dealing with judiciary power—improperly called "Judiciary Authority"—were far from guaranteeing the independence of the Romanian judiciary which, from a power equal to the other two, legislative and executive

powers, they turned into one subordinated to the other two and unable to fulfill its role as the guarantor of the citizens' fundamental rights and freedoms so well stated in the Constitution. Also, I disagreed with the establishment of the Constitutional Court, showing that its duties could very well be discharged by the Supreme Court of Justice. Some members of Parliament never forgave me my position, although I expressed it publicly before the chapter on "Judiciary Authority" was discussed in the Constitutional Assembly, so it was merely working material, just one version that could be adopted or not. Since the Constitutional Assembly opted for the present constitutional arrangement, as a magistrate I observed both the letter and the spirit of the Constitution. Members of Parliament would have been justified in their anger if my position regarding the Constitution had been publicly expressed after the Constitution was passed, when it was to be implemented.

[Firanescu] And the last factor?

[Pop] Some members of Parliament, who unfortunately view themselves as "omnipotent" and think that the country is theirs to manage as they please, did not like the attitude I took at the 15 June joint session of the Chamber of Deputies and Senate, when we were "put on judgment" in an insulting manner. When I realized from their proposals that some of the deputies or senators were not familiar with the rules of the Constitution they themselves had adopted, as the country's premier magistrate I felt dutybound to interpret Art. 151 par. 2 of the fundamental law. I demonstrated to them that Parliament did not have a right to nominate other candidates for the Supreme Court of Justice, as they proposed to do, but had to limit themselves to the nominations made by the president of Romania, which they could confirm or not. If some of the nominees were not confirmed—which is what occurred—the president of Romania was to nominate other candidates and once again submit them for discussion in Parliament. Some people were annoyed by my explanation, necessary though it was.

[Firanescu] Are you sorry that you did not get the Parliament's vote for the office of president of the Supreme Court of Justice?

[Pop] Frankly, yes, because I had some special plans for the highest Romanian court of magistrates. I wanted to contribute to making this Court into an institution enjoying an undeniable prestige in the country and abroad, and help it rival similar institutions in Europe and throughout the world. Such a thing can be achieved only by professionalism, dedication, emulation, and especially by the legal and scientific capabilities of its leader and representative. I am a great patriot and I will be glad if Parliament will consider and confirm a legal personality capable of honorably representing the Romanian judiciary. My greatest regret was that Mrs. Gabriela Gaspar was struck off the list. She is an eminent Romanian judge of noteworthy professional and ethical conduct, has a vast legal education, and her dedication to the bench is unsurpassed. Was there jockeying behind the

scenes? Unfortunately, yes! That is why, if we wish to have a law-governed state, the judiciary must become impervious to political and behind-the-scenes maneuvering. If you wish, I can demonstrate to you that the terms of Article 151 paragraph 2 as a transitional rule are nonjuridical and violate the principles governing the conflict of laws in time.

[Firanescu] What professional prospects do you now have?

[Pop] I am already back to law, with the Bucharest Bar, where I wish to contribute to restoring the work of justice in Romania. You must realize that the act of justice comes to its final fulfillment in court, but this act is the outcome of the joint endeavors of the bodies of penal investigation, the prosecutor, the defense attorney, and the judge. So as a lawyer, too, one can make a contribution to the act of justice and to the pronouncement of just decisions.

[Firanescu] A last question: Are you not considering entering the world of... politics?!

[Pop] I have not yet considered this question. My training as a magistrate placed me outside the scope of political concerns, so I will have to reflect very seriously whether I have the necessary talents to enter the political race. I will think about it!

Tasks of New State Ownership Fund Described

92P20351A Bucharest ADEVARUL in Romanian
29 Jun 92 p 2

[Article by Alin Theodor Ciocarlie: "The Latest News from the Big Privatization—A New Institution Is Born: The State Ownership Fund"]

[Text] Almost a year after the law on the privatization of commercial companies appeared, one of the basic institutions of this fundamental process of economic reform is beginning to take shape: the State Ownership Fund [FPS]. It has the task of acting, in the name of the state, as the owner of the more than 6,000 commercial companies, in the sense of monitoring the profitability of state capital on the basis of performance criteria to be prescribed for managerial teams. This is a function intended to be as transitory as possible, since the law stipulates that the FPS will dissolve on its own, transferring to the private sector, in no more than seven years, its assets representing 70 percent of the companies' capital. Let us mention that the 30-percent difference will become the property of the citizens, by means of certificates that will be distributed by November as shares in the five private ownership funds that will be set up in the future.

Commenting on the general economic situation (which lends itself to quite somber forecasts), Adrian Severin, chairman of the National Privatization Agency [ANP], said that under the conditions of the continuation of the blocking of funds, when "nothing concrete has been

done for recovery, with the exception of measures of a palliative nature," the appearance of the APS is all the more necessary, as an "instrument which will work with the owner's instruments." This statement was made during a press conference on 26 June at the headquarters of the new institution at No. 21 C.A. Rosetti Street in Bucharest.

Presided over by Adrian Severin and by ANP Deputy Chairman Ion Andrei, the press conference did not provide many concrete details on the operation of the fund. What was surprising was the absence of all 13 members of the administrative council that had just been appointed by the government, the Presidency, and the Permanent Bureau of the Senate; the Chamber of Deputies has not yet stated its preferences, while the 17th member is, by law, the chairman of the ANP. So far, to the names of the five members appointed by the government (Dan Constantinescu, minister of economy and finance; Constantin Fota, minister of trade and tourism; Gheorghe Muresan, state secretary in the Ministry of Agriculture and Food; Lucian Stingu, state under secretary in the Ministry of Justice) have been added the names of the favorites of the Presidency (George Cojocaru, director of the IPIU [expansion unknown]; Corneliu Rauta, director of the Institute of Pedology and Agrology; Florin Theodor Tanasescu, director in the ICEPE [expansion unknown]; Corneliu Russu and Gheorghe Zaman, director in the National Institute for Economic Research) and the favorites of the Senate

(Emil Dima, senator; Constantin Ionescu, general secretary of the Senate, and Virgil Ciobanu, lawyer). Referring to the government representatives, Severin said they were appointed on the basis of their personal qualities and not only on the basis of their current positions; thus, they will be members of the administrative council of the FPS for five years even if they are no longer in their posts.

In response to the questions of the ADEVARUL editor, Adrian Severin said that the establishment of the FPS and the FPP [Private Ownership Fund] were "urgent." It is expected that the statute of the FPP will be approved prior to the parliamentary recess or by delegation on the part of the government, which will permit the full operation of the six institutions "by the end of the autumn." The fact that the ANP has done everything under its jurisdiction, "working from dawn to dusk," was rewarded by a vice president of the World Bank, who said that the length of time between the approval of the law and the appearance of the institutions was "reasonable." Also, the "final touches are being put on" the law on the stock market, which nurtures hopes that this vital institution for trading shares of stock belonging to the FPS, FPP, and future private holders will be organized in December.

Soon, the selection of personnel for the six funds will begin, starting with the 150 employees for the FPS and the 100 for the FPP. Therefore, there will be about 650 paid positions, which are expected to be an obstacle to corruption. Amateurs beware!

'Frustrations' With UNPROFOR Expressed

92BA1261B Zagreb NOVI VJESNIK in Serbo-Croatian
19 Jul 92 p 7

[Article by Ivica Marijagic: "They Beg the Serbs, But the Issue Demands of the Croats"]

[Text] Zadar—When and how Croatian authority is to be reestablished in the occupied areas—that is the fundamental question of melancholy everyday Croatian life, and without an affirmative and precise answer to that question, it is not possible to talk about overcoming all the current frustrations of the Croatian population.

Not only are the Serbs playing at having a separate state on the occupied territory, but for a long time they have even been behaving that way. They recently even introduced their own currency, and they first began to create their police and armed forces by thoroughly getting rid of the Croats in the territory they captured.... The separation from Croatia is becoming greater every day, and in spite of the presence of the protective forces, there is little hope that Croatian authority will soon be restored in that region.

The Serbs are driving out the remaining Croats, they are denying access to strategic points, it never even occurs to them that those driven out might return, and they are not giving up even the notorious pink zones, much less the UNPA [UN Protected Areas]. Their arrogance is greater and greater every day, as is the embitterment of the Croatian population, and all of this is in spite of the course of the peacekeeping operation.

It is true that a general assessment of the role of the UNPROFOR [UN Protective Force] in Croatia cannot be constructed solely on the basis of certain details, but even those details are revolting to an aggrieved population. That is, playing soccer with the Chetniks, binges together, lambs roasted on the spit in certain villages, services to the Serbs such as when the "blues" come with empty car trunks to the free Croatian cities and fill them with cigarettes, fuel, oil, sugar, supplies for personal hygiene, and everything else that is lacking in the "Krajina"—all of that need not seriously detract from the fundamental objective and purpose of the peacekeeping operation, but that kind of proximity to the attacker is profoundly insulting to the victim and does not instill confidence in the mission of the Protective Forces.

When, if at all, do the Protective Forces intend to make it possible for those driven out to return, and when do they intend to gradually reestablish Croatian authority, which is what Butrus Butrus-Ghali spoke about unambiguously? The hopes of the Croatian people for such goals seem to have become increasingly in vain. Two months' experience with the actions of the UNPROFOR in Sector East are burying even the last optimism. The Supreme Command of the "blue helmets" is perhaps taking pains to ingratiate the "other" side so that it begins to respect its obligations under the Vance Plan,

but who yet has not managed to persuade an unscrupulous aggressor to peacefully give up what he has gained by terror.

Croatia would build a new Maslenica bridge, but the hostile side does not allow access. Croatia would send humanitarian aid to the remaining Croats under occupation, but the authorities there say "Nope!" Croatia would take over control of the so-called pink zone where the Serbs have never lived or lived in a negligible percentage, but the local authorities are again an obstacle. Week after week, the UNPROFOR holds meetings with one side and then the other, and there has not been a millimeter of progress. First they listen to one side and then the other, they regularly present to each the demands of the other side, and no essential result can be expected in those conventions of parrots.

The Protective Forces obviously have neither the desire nor the ability to force the other side to reduce its "appetite," nor force it to respect its obligations under the peacekeeping plan, but they always and regularly expect this of the Croatian side. The "Krajina" thus wanted the Croatian troops withdrawn from the front line another 30 km, and then they would supposedly leave Peruca. The Croatian Army withdrew 30 km from the UNPA zone, as it was obligated to do under the peace plan. So, the "Krajina" asked for the Croatian Army to be drawn back—60 km, and without a bit of embarrassment the UNPROFOR forwards this arrogant and unrealistic demand to the Croatian side instead of itself telling the authors that this is altogether contrary to the Vance Plan.

What is more, the UNPROFOR is demanding, not begging, the Croatian side to allow exhumation of Chetniks who died and were buried in Miljevci, but it is not insisting that the other side take its troops entirely out of that area, as the Croatian side has done. How with such biased behavior is the idea that Butrus-Ghali expressed to be carried out: that was for all these regions to gradually be brought under Croatian authority?

The Serbs in the occupied areas have seen the interruption of the war and beginning of the peacekeeping operation as a moment for their own victory, because they think that the Protective Forces will preserve the outcome of the war as it now stands. "We have gotten what we fought for," many Serbs comment on the present situation. In its behavior, the UNPROFOR is encouraging such thoughts. If the situation is frozen, then reliably there is nothing to come from carrying out the peacekeeping operation, nor will there be any peace in this area, because the patience of the Croatian people, of those driven out and of the Croatian Army, has long ago "leaked away."

The Serbs are living and behaving in the belief that they are now in a separate state, that is, that they "will never again live in Croatia," as they like to say. No one yet has told them that Croatian authority must be restored here, and no one has come forth who could bring that about.

The critical moment of international peacekeeping efforts on the soil of Croatia will certainly be when the Serbs have to be told that Croatian authority is being reestablished in this region without delay. Judging by the speed of the operation and by its behavior, the UNPROFOR will be the last to do that. It simply is freezing the situation as it is, naively thinking that it is bringing about conditions for permanent pacification. If they continue like that, even the "blue helmets" will soon be convinced of the futility of their own mission.

Resettlement of Serbs Protected by UNPROFOR

*92BA1261C Zagreb VECERNJI LIST
in Serbo-Croatian 20 Jul 92 p 2*

[Article by Srecko Jurdana: "Resettlement Under the Eye of the UN Protective Force"]

[Text] There is very little talk in Croatia about the large-scale influx of Serbs into the regions under supervision of the UNPROFOR [UN Protective Force], although this is a Belgrade political intention of paramount importance. It is clear that Belgrade would like to interpret the UNPROFOR operation as a road toward definitive division of Croatia into the "Croatian" and "Serbian" sections, and the "Serbian" section would be the one which is under Serbian supervision at this moment. Realization of that idea would unconditionally require preserving highway communication across Bosnia and through Serbia, and by that means population and all logistical support would reach the "krajinas" from the "parent homeland." As we know, it is through the offensive in the Sava valley in Bosnia that Belgrade is trying to secure that communication, and buses full of Serbs who pretend to have been driven out, commandos, special detachments, and others are arriving by that route in the regions of the newly founded Serbian kotars [districts], so as to create here—through accommodation with the UNPROFOR—the core of a new Serbian "state within a state."

This current "resettlement of Serbs," with which Belgrade intends to impress the UNPROFOR and all relevant international arbiters, is supposed to demographically fill all the Croatian regions which Belgrade wants to annex and in that way prejudice the criteria for the actual division of Croatia. Eradicating Croats and driving them out by means of war are becoming the "past," and ethnically "pure" territory in the heart of Croatia, settled exclusively by Serbs—is the new status quo on the basis of which Serbia is imposing on the world creation of political conclusions.

Belgrade's military-political actions are synchronized. On the one hand, by a strong offensive a road between Croatia and Serbia is opened up across Bosnia, while on the other hand that same road is immediately used to return "thousands of refugees to their homes" ("Serbian homes" in Croatia mainly refer to houses taken away from Croats), while on yet another side barriers are set up and border checkpoints in the direction of the regions

under supervision of the Croat forces (this is happening in the vicinity of Karlovac in Kordun), so as to symbolically and in every other way create two separate worlds within Croatia. The UNPROFOR—to be frank—is indifferent to that combined military-political strike on the part of Belgrade. It is not just a question of the lack of appropriate powers for effective actions against the Serbian invasion, but primarily the fact that for the UNPROFOR the status quo is objectively the simplest situation. There exists something which we have proclaimed the "line of demarcation" (for example, the Kupa, Sava, and Drava), the Croats are on one side of that line and the Serbs on the other, and in between are the international custodians of order who do not interfere in "internal affairs" of those separate entities. If until a year ago Croats lived exclusively where Serbs are now "returning," i.e., moving in—so much the worse for the Croats.

Of course, the preservation of such a state is an ideal way to amputate Croatian territory, and Croatia must enter into a radical debate with the UNPROFOR over these matters. The UNPROFOR is at the moment redefining its own role in practice. From an institution which in principle should cover the return of all those driven out (even though there does not exist anything like an ethical and political equivalent between the Croatian and Serbian refugees), it is now behaving like an institution which is supposed to prevent contact between Croats and Serbs, even if that means that Croats cannot return to their homes.

UNPROFOR, Red Cross Activities Condemned

*92BA1261D Zagreb NOVI VJESNIK in Serbo-Croatian
14 Jul 92 p 7*

[Article by I.M.: "Unacceptable 'Local' Police"]

[Text] Zadar—Dragan Jurjevic, commissioner of the Croatian Government for Obrovac Opstina, spoke at a press conference held on Monday concerning the situation in the occupied part of Obrovac Opstina. He had received a certificate from the UN Protective Forces, civilian section, that not a single house had been set fire to on the territory of Obrovac Opstina since the Protective Forces took over control. He was also informed that at Medvidja, near Obrovac, a new police station had been opened by the local Obrovac authorities. According to the report which Jurjevic received, its personnel were "experienced," rounded out with UNPROFOR [UN Protective Force] patrols.

Jurjevic said in the press conference that they do not recognize such a police station in an occupied Croatian town, because this act is contrary to the spirit of the Vance Plan, which calls for police staffs to be in accordance with the ethnic composition of the population, and in Medvidja the Croatian population is in the majority. It is certain, that is, that there are no Croats in that police station in Medvidja near Obrovac. He also

said that he is embittered by the effort of the International Red Cross. "These people," Jurjevic says, "have so far done nothing to protect Croats on occupied territory. They have never gone to the occupied towns, nor have they explained why they have not gone there. At the same time, they have always had access to the territory under Croatian control." In this connection, Jurjevic has sent a letter to the International Red Cross headquartered in Split in which he mentions that they have done nothing to protect the 300 Croats, the number remaining under the occupation in Obrovac Opstina, among them children. The International Red Cross headquartered in Split has not informed its central office in Geneva of its inability.

"They always justify themselves," Jurjevic said in the letter, "by saying that no one is guaranteeing their safety in that region. That is perhaps true, but why, then, did they not inform their superiors that the Serbs are not allowing access, because they want to conceal the crimes committed against Croats?" In his letter, Jurjevic reminds the International Red Cross that discrimination is one of the important elements of their alleged humanitarian activity up to this point.

"What have you done in the way of humanitarian activity for Medvidja, where 186 Croats are in captivity, among them, 13 children?" Jurjevic asked the International Red Cross in the letter he sent to them. "Then, have you visited the seven Croats in the Knin prison who have been there more than six months? What is the fate of the people who have disappeared, where have they been buried...?" These are all questions that Jurjevic put to the International Red Cross in his letter. "All messages and applications from the Croatian side directed through the International Red Cross," Jurjevic went on to say, "have been turned over to the local Serbs, from whom the Croats were unable to go and take them out of fear." At the end of his letter, the commissioner of the Croatian Government said that he would like to see the International Red Cross persuade the public here through its future efforts that its behavior is contrary to what he has described.

Prime Minister on Refugees 'Draining' Croatia

92BA1261A Zagreb VECERNJI LIST
in Serbo-Croatian 19 Jul 92 p 3

[Article by (H), comprising excerpts from the address delivered by Dr. Franjo Greguric, prime minister of the Republic of Croatia, in a session of the Central European Initiative: "The Refugees Are Draining Croatia"]

[Text] Croatia today faces the consequences of the cruel and senseless aggression by Serbia and Montenegro and the horrible devastation: Numerous industrial plants have been completely destroyed or badly damaged. More than 16,000 citizens of Croatia have died in this war, and more than 20,000 of them have been wounded. Total property losses run to more than \$21 billion, Dr. Franjo Greguric said at the meeting in Vienna.

Another result of the aggression is the more than 278,000 people driven out of Croatia itself, and the number of refugees from our neighbor Bosnia-Herzegovina, which has already reached 360,000, is rising dramatically with each passing day. Croatia has done everything it could to mitigate this unspeakable human tragedy, to offer every exile asylum and shelter from persecution, terror, and death.

At this point, and I say this very advisedly, Croatia has exhausted all its strength. Without Europe's help, without your help, Croatia cannot provide those people the basic needs of life. That is why we need urgent assistance in food, medicine, and, above all, money. We hope that the international community will very soon show at the meeting planned in Geneva that it is prepared for greater commitment, along with the sympathy that has been shown and the humanitarian aid already rendered. The present dramatic situation makes it necessary that all other neighboring countries accept without delay and care for new refugees, who are fleeing in great numbers from Bosnia-Herzegovina.

Croatian Interests

In seeking understanding and cooperation, Dr. Greguric enumerated the essential points of Croatia's interest in the Central European Initiative:

First, Croatia has an essential interest in programs for financial and technical aid, which are complementary in the Central European Initiative.

Second, we are interested in the optimum use of the existing Adriatic Oil and Gas Pipeline on its present route, and then in realizing projects to link together transportation routes in the central European region, especially the project of the Pyrean Highway, and the Trieste—Zagreb—Budapest Highway, as well as the rail corridor Graz—Zagreb—Split and Prague—Budapest—Rijeka.

Third, we are vitally interested in the so-called Adriatic project, which among other things calls for development of Croatia's seaports, which would make it possible to carry out a program for combined and integral transport, including interregional air traffic. Croatia is offering incentives in its seaports (Rijeka and others), including free land for opening free trade zones, and I would use this occasion to call upon you to urge interested firms to take advantage of our offer.

Fourth, it is in Croatia's interest to complete as soon as possible the project for construction of the oil pipeline and gas pipeline between east and west, which calls for construction of a liquefied gas terminal, which is to be located in the Croatian section of the Adriatic Sea.

Fifth, Croatia has very resolutely initiated the process of transformation of socially owned property, which involves about 2,410 economic entities, representing more than 80 percent of the former socialist economic system. Now is the most favorable occasion for firms

from all neighboring countries to become involved in these processes of transformation, and the Croatian Government will encourage this interest with various measures and concessions in the hotel and restaurant business, the trade sector, and industry, which has already been provided for in positive legislation.

Sixth, the project of cooperation in protecting the environment and planning joint activities in monitoring nuclear safety, finding alternative energy sources, protecting national parks and the Adriatic Sea is of great interest to us.

Only Military Intervention

Seventh, we are especially interested in cooperation in the field of tourism.

Eighth, we are interested in the development of a central European telecommunications system and all forms of integration of this region's information system, including broadcasting coverage for radio and television.

Ninth, we need the help of the central European region in restoring cultural monuments which the aggressor has systematically destroyed.

Returning to the war at the end of his address, the prime minister of the Republic of Croatia emphasized the following: That war can no longer be brought to an end by various forms of mediation, which have had a limited effect, but only by decisive military intervention. Croatia is therefore calling upon the UN Security Council to put an end to aggression against Bosnia-Herzegovina and

Croatia through the use of military force. I call upon all members of the Central European Initiative to advocate in the Security Council and all international organizations a military intervention under the flag of the United Nations to bring this senselessness to an end. Only in that way will peace be restored to these exhausted lands. Only military intervention, by stopping the Serbian aggression, will also diminish the exodus of refugees, who must be a concern not only for Croatia, but also for other countries participating in the Central European Initiative.

Expressing gratitude for the attention, understanding, and humanitarian aid offered up to this point, Dr. Greguric said that the tragic development of the situation is forcing Croatia to seek more specific aid than ever before. "Today, we are trying to build a modern Europe on the ruins of the communist bloc and in a freedom that has dawned for the enslaved peoples of East Europe. Unfortunately, a senseless aggression, the last in Europe we hope, stands in the way of that. That is why people should realize that neither the sanctions of the United Nations nor other measures of an embargo have realized effective results and that the aggression and terror are continuing with undiminished ferocity. The war in the Balkans can be brought to an end only by military intervention under the flag of the United Nations and by engaging the entire international community to mitigate the consequences of this terrible destruction, such as the world has not seen since World War II. I cannot believe that Europe will abandon us in this crucial moment," Dr. Greguric said.

Critical View of Slovene-Croatian Trade

92BA1259A Ljubljana DELO in Slovene 18 Jul 92 p 17

[Article by Darijan Kosir: "Sick of Extortion"]

[Text] *Croatia's behavior toward Slovenia, including the recent customs measures, always has to be taken with the largest possible amount of understanding. Nevertheless, Slovenia ought to start taking measures gradually: It is as though we had not learned anything from the slaps received to date, and not just from the Croats.*

Croatia's reasons for the customs measures against Slovenia are probably numerous. Although they have not been publicly presented to the general public, to be sure, we can analyze the political and also the economic background of this action for ourselves. More interesting than such speculations are the official Croatian justifications for the decision, by which Croatia unilaterally canceled the customs union with our southern neighbors that was unilaterally declared by Slovenia. In that union, only a symbolic percent of value to cover the expenses of customs proceedings would have been paid in trade in goods; from now on, those expenses will be "normal" as for all other states (i.e., between 23 and 30 percent).

The most vocal explanations say that Croatia also had to become completely independent in the economic area as well, that it had to fill its budget somehow, and above all, that it had to make Slovene products less attractive and competitive in comparison with Croatian products. It is possible to deal very quickly with these and similar justifications—and with Croatia's alleged independence, just because Croatia is not independent territorially, it does not control a third of its own territory and will not for some time to come, which means that it does not even have a southern border and does not even know where it runs, the flow of goods is not controlled at it, and because that southern border is so porous one cannot speak of any sort of economic independence. It cannot be carried out only in the west, but not in the east.

In short, if Slovenia did want to harm Croatia economically, it could undoubtedly do so through channels that would be very unpleasant (for Croatia). The other two above-mentioned arguments are likewise on shaky ground: In the first place, if customs duties are increased, one cannot expect just a straight increase in the budget, since one must also take into account the fact that because of the higher duties there will also be fewer goods to levy duties on (because of the disincentive for exports to Croatia), and the competitiveness of domestic goods can be appropriately regulated primarily through the exchange rate policy, which is a relatively simple thing with Croatia's arbitrary monetary policy, and less through customs duties.

Consequently, Croatia's measures are making Slovenia's final economic independence possible, as strange as this may sound. Specifically, the unilaterally declared customs union with Croatia "made it possible" for Slovenia to remain fully in Yugoslavia economically, and for the

southern markets only to be lost to us to the extent that war was raging in them and communications were prevented, and not because those flows would be interrupted by Slovenia itself: In fact, if there is no real customs border between Slovenia and Croatia, there is also none between Slovenia and Bosnia or between Slovenia and Serbia, because there is no border between Croatia and these two new states, and so on all the way down to Greece and Bulgaria, where the border begins again. From this point of view we can say that Slovenia has not even taken independence seriously.

Long-Term Independence

The real purpose of Slovene independence, in fact, was to put an end once and for all to the redistribution of Slovene assets to the other republics through monetary or commercial uniformity. Monetary independence, with the introduction of the tolar, has already done part of this, but because of the absence of a protectionist policy on its southern border the commercial union has still remained in effect. Slovenia did not decide to cancel it, because it exports \$70 million in goods to Croatia monthly (\$353.4 million in the first five months of this year, i.e., between \$850 million and \$900 million at the annual level), and imports \$60 million from there (\$307.5 million from January to May 1992), which is also the value of its trade with other parts of the former Yugoslavia (\$362.2 million in exports, and \$247.4 million in imports in the first five months of this year), and because in some people's opinion this would mean a "long-term catastrophe for the Slovene economy." Such a position is rather dubious in the long term, however. No one is saying that it is necessary to give up these markets, just as no one has ever claimed that we should give up, for instance, the East European markets. We are generally only asserting that it is necessary to give up the obsolete method of trade with these states, and that in the long term Slovenia has to create a "Western" foreign trade structure.

Trade with the former Yugoslavia and thus also with Croatia is currently also physically or administratively hindered or completely blocked. Furthermore, Croatia is not paying for the trade deficit with Slovenia (actually only \$45 million in five months), because a payment agreement has not been concluded between the two states, which means that Slovenia is exporting there through inertia, waiting for payment someday or not at all, and state support for such activity is also assistance to the enterprises that are also selling their products in Croatia below a realistic price because they are no longer competitive at home. In this sense we are fully continuing the old policy under which the Yugoslav market was in many cases a cover for the uncompetitiveness of the Slovene economy.

This is also already part of the long-term mistake. The other two parts are as follows: In the first place, for a very long time the former Yugoslav republics will still not be capable of normal business with normal solid currencies, since the completely disrupted economies and unsettled

internal situation, as well as the continuation of the war, will force an inflationary policy and the shifting of the decisions to future generations, as a result of which normal trade, for which there are incentives, with these areas will also be prevented. As we have also proposed several times for the states of East Europe, we could also advise the following for Croatia: Slovene enterprises should remain in these markets, and the state should assist them in getting through the above-mentioned unstable period, but the enterprises should not count on rapid profits from exports (according to the system of squeezing things out quickly), but should instead establish joint enterprises in Croatia, become involved in joint investments, and give the Croats the feeling that this is a question of long-term interest and cooperation; then the everyday problems will also be easier to solve. The trouble with the Croats at this time is also that it is not possible to establish joint enterprises and coproduction, or else the procedure is extremely difficult. By delaying the ratification of basic economic and financial agreements, they are in fact letting us know that they do not want cooperation with Slovenia very much.

It is precisely because of this, and also because of the other above-mentioned factors, that Slovene enterprises have to take a different long-term step, namely, create a "Western" foreign trade structure. Currently Slovenia is exporting \$480 million in goods per month (and precisely \$2.401 billion in exports during the January-May 1992 period), of which 60 percent is convertible exports (\$1.431 billion), trade with Russia and East Europe represents somewhat less than 10 percent (\$253 million), and trade with Croatia (\$353.4 million) and the other former Yugoslav republics (\$363.2 million) represents approximately 15 percent. Only somewhat more than half is real convertible trade in Slovenia, and 95 percent of it is concentrated in five countries (Germany, Italy, Austria, France, and the United States). Slovenia's strategic decision would have to achieve the kind of foreign trade structure possessed, for instance, by Austria or any other important European Free Trade Association [EFTA] country (for instance, Norway), which can also be a model for Slovenia in joining the joint European economic space. Thus, Austria, for instance, sells 63.8 percent of its total exported goods to the 12 states of the EC, 10.8 percent to the six EFTA states, and 9 percent to East Europe (this could be a wonderful example), while Norway, for instance, has very similar percentages, and has only replaced East Europe with North America. These and similar markets should also be sought by Slovenia, which reacted to the loss of the Yugoslav and eastern markets primarily by dismissing workers and abandoning programs, not by seeking out new sales possibilities, and in this regard Croatia came in very handy as a cushion for these states, because it was relatively simple and still easy to export there. Croatia, however, cannot be a solution or a consolation for us; and it is necessary to look elsewhere, and temporarily keep Croatia and our other southern neighbors for some better times, with methods that will be more profound

and more long-term than mere sales. In this respect, Croatia's measure of partly closing the borders was even welcome.

To Take Steps or Not?

In the short term, then, what steps should the Slovene state take in regard to the Croatian customs duties, if in the long term it should stimulate or encourage the kind of orientation we have previously described? Certainly different opinions exist regarding this, but most authorities think that we should respond to those measures. Dagmer Suster, vice president of the Slovene Chamber of Commerce, to start with, emphasizes as the basic idea that Slovene enterprises are independent market entities, which cannot eternally ask the state for advice and expect measures or protection from it, but have to decide for themselves on the basis of the new facts whether it is still worthwhile for them to cooperate with the Croats and to export there or not. This is consistent with what we said earlier; theoretically we could even want the Croatian customs duties to be even higher, because that would literally force Slovene enterprises into promising Western markets, which would be one of the fundamental contributions to restructuring the Slovene economy, which we have already witnessed to a certain extent at the time of the first Serbian blockade. In the long term this is the only real solution for Slovenia. Although on the other hand Suster correctly points out that this may involve a large Slovene economic loss, that Croatia's nonpayment and the Slovene surplus in trade with them is relatively small (\$45 million), and that it involves a value of \$900 million in annual exports, which represents 15 percent in the structure of sales abroad, without counting the value of services. Furthermore, the exchange rate ratio between the tolar and the Croatian dinar is currently unrealistic, because the exchange rate of the Croatian currency has been deliberately undervalued too much because of the abnormal Croatian economy, which to a great extent is a "war" economy, and because the tolar at this time is somewhat overvalued because of the recent excessive borrowing abroad; if the exchange rate were more favorable to us, there would be even more of an incentive for exports to Croatia and the above-mentioned numbers would be even higher.

With respect to the short-term measures, a recent DELO poll of Slovene directors showed that most of them would recommend the reciprocal introduction of customs duties for Croatian goods. In the long term such a measure would also be necessary so that the Croatian economy, for instance, would be put in the same position as other foreign economies. To be sure, the customs union was a favorable thing for Slovenia, because we buy considerable amounts of raw materials in Croatia, through which the prices of Slovene goods were lower than they would have been if we had paid customs duties for the raw materials. From the standpoint of the necessary restructuring of the Slovene economy, however, this is once again merely assistance: If we had to buy more expensive raw materials, the goods would not necessarily

be more expensive, since enterprises would perhaps engage in extremely necessary increases in efficiency. In this regard, there is also a problem of a short-term nature: If Slovenia introduced reciprocity toward Croatia with respect to customs duties, Slovene enterprises would be penalized twice. After they have been penalized by Croatia with the introduction of customs duties on the export of goods, Slovenia would also penalize them with duties on the Croatian raw materials used for the above exports. Consequently, Slovenia's introduction of customs duties on Croatian products would also be a blow to the Slovene economy in the short term, but in the long term it would probably be an incentive for more intelligent conduct.

Two Necessary Steps

We could thus conclude that Slovene businessmen, who are advocating the introduction of customs duties for Croatia, are prepared for the sake of long-term interests even to take a short-term risk (which they are objectively doing by advocating customs duties), which would be extremely encouraging. Even if we doubt this assertion at least a little, we note that customs relations with Croatia are an inseparable part of the entire set of political and economic relations between these states, which for some time now have been heavily in Croatia's favor to the detriment of Slovenia, through which they are upsetting not only the ordinary Slovene citizen, but also the leading structures in the economy. We were warned about one of the most illogical things—on the Slovene side—on Tuesday: While Croatia, by seizing two boats in the vicinity of Umag, is ignoring Slovenia in the area that interests Slovenia the most (fishing), the Slovene government, by signing the transportation agreement, is completely yielding to the Croats in the area that especially interests the Croats (road corridors)! Such a position also demands consideration in the area of customs duties, where the logic is similar: Regardless of how Slovenia perceives matters (partly favorably), the duties on Slovene exports to Croatia and the lack of duties on Croatian exports to Slovenia are explicitly in favor of the Croats and their uncompetitive economy.

Consequently, Slovene relations with Croatia, which we have tried to portray in one of the most key areas, once again require consideration and also action. To be sure, the government in Ljubljana has prepared a strategy for relations with Croatia, which is defective to the extent that it does not provide for many alternative solutions in the event that things turn in a direction that is unpleasant for us, and above all those carrying it out "in the field" do not adhere to it. It is precisely through these "trivial things" that the principles of relations with Croatia should be supplemented. It would be most important at this time to adopt two fundamental decisions: For each area in relations with Croatia, it is necessary to appoint an optimally competent negotiating group, composed of both experts and politicians, and in the areas that are critical (especially road fees, and also fishing or custom duties), immediately to adopt countermeasures that would show Zagreb that we are taking

things seriously (we would not particularly highlight the positive nature of the long-term effects of such measures). It would be good to recall the Serbian reactions when we cut off their route to the West a while ago by introducing visas and prohibiting transit: They were never prepared either for negotiations or for Slovene countermeasures.

Slovene-Croatian economic and political relations thus reluctantly remind a person of the recent clash between basketball representatives of these two states for qualifying for the Olympic games. Although the Slovene team also did not qualify for the games because the Croats were the only ones who "sold" the match to our immediate rivals, we were mostly to blame ourselves, because we were the only ones to lose with the last-ranked team....

Demos Club Accuses Interior Minister Bavcar

92BA1259B Ljubljana DELO in Slovene 17 Jul 92 p 4

[Unattributed article: "Demos Club Will Lodge a Complaint Against I. Bavcar"]

[Text] *Danijel Starman said that the minister violated the Constitution and the law; announcement of an interpellation against Dr. Rupel.*

Ljubljana, 16 Jul—The head of the Demos deputies' club, Danijel Starman, announced at a press conference that he convened during today's meeting of all three chambers of the Slovene parliament that the Demos club will lodge a complaint against Interior Minister Igor Bavcar for violating the Constitution and the law.

Specifically, according to Starman, Minister Bavcar violated Article 114 of the Slovene Constitution, because allegedly, in a staff meeting of his ministry (Starman does not know exactly when), as a member of Lojze Peterle's government, he noted the security and political situation in Slovenia and said then in this regard that the government had to be changed, since otherwise there would be a serious economic crisis in the fall. Furthermore, the Demos deputies' club is not satisfied with the report from the Ministry of Internal Affairs about certain irregularities that occurred at the Koper Internal Affairs Administration. This report, among other things, also did not give a satisfactory response to the position of the commission for overseeing the work of the State Security Service, which decided at its 9 July meeting that there had been impermissible interference while determining the political mood.

In addition to this, the Demos deputies' club will also initiate an interpellation in parliament against Foreign Minister Dimitrij Rupel because of his unacceptable attitude toward designating the sea border with Croatia. Danijel Starman said that Minister Rupel deliberately did not send Zagreb the position of his Assembly commission on maritime affairs, which says that the two states will continue to talk about the sea border and will designate it with a special agreement. In addition to this,

Dr. Rupel's statements on television about the latest fishing dispute indicate that in diplomatic talks with Croatia the minister cannot act with arrogance; instead, it is necessary to talk and negotiate, and above all to

organize the ministry appropriately, so that it will be capable of handling all these controversial issues that are arising in regulating Slovenia's relations with the Yugoslav states.

'Disastrous' Effect of Sanctions on Agriculture

92BA1256A Belgrade EKONOMSKA POLITIKA
in Serbo-Croatian 13 Jul 92 pp 16-17

[Article by P. Ursic]

[Text] In a roundtable discussion of the Federation of Yugoslav Engineers and Technicians on 8 July, competent specialists in the agricultural field attempted to supply a more worthwhile answer than the unfounded optimism of domestic officials to the question of what to do and how to do it under the conditions of the economic blockade so that agricultural production takes place with the fewest possible difficulties. Refusal to reconcile ourselves to the disastrous consequences of the sanctions of the EC and United Nations, whose removal we should work for "with all our strength and determination," is the proposal contained in the introductory address of Stevan Mirjanic, which quite certainly will be first on the list of the conclusions of the working group of that gathering intended for the competent authorities, but also for presentation to producers and the public at large. The demands for examination of ways of reestablishing the interrupted economic cooperation with the republics of the former SFRY and of preserving relations with international institutions in the field of agriculture are similar in nature. It is not certain how long Resolution No. 757 of the UN Security Council, adopted in May, will remain in effect, so that the second dimension of the necessary commitment consists of bringing about the basic preconditions for carrying out the harvest and other regular agricultural operations, including the processing of agricultural products, in spite of the great limitations that are a quite certain part of everyday life.

Some of the problems would be significantly mitigated, Mirjanic believes, if funds of commercial banks and funds from primary note issue are committed to priority financing of inventories of the commodity stocks that have been formed, which, through restructured processing, would look for sales on the isolated domestic market, and then if the tax system is changed, if property transformation is taken further, and methods of import substitution are explored. However, the fact that there are no imports and that agriculture does not have even the essential foreign exchange makes the main problem of obtaining diesel fuel, heavy furnace oil, spare parts, chemical components, and the like almost unsolvable. The high level of Yugoslav agriculture's dependence on imports is best conveyed by the datum that the domestic chemical fertilizer industry, which incidentally has twice the capacity of the million metric tons needed annually, needs raw materials and components worth \$120 million annually. Now that spring work has been completed, in the second half of the year 350,000-400,000 tons of fertilizer need to be supplied, and present inventories of the necessary components provide for only one-sixth of that need. It would cost \$30 million to import the active ingredients for production of preparation for plant pest and disease control, \$16 million for raw materials used

in the production of veterinary medicine, and \$15 million for spare parts for agricultural machines. The shortage of protein livestock feed (60-percent soybean meal and 100-percent fish meal) and the entire amount of mineral-vitamin premixes will be much more difficult for animal husbandry than the lack of the \$80 million which under normal circumstances would be needed to import them. The same applies to additives, packaging and equipment for processing, and packaging the food-processing industry needs in the amount of \$35-40 million a year. If we add to this list cotton and wool of import grade without which the overgrown domestic textile industry can only cease to exist, it is clear why the people in the Institute for Agricultural Economics are insisting that the present situation be seen as disastrous.

Prof. Mihailo Radic meanwhile believes that domestic agriculture has a potential that could considerably mitigate the consequences of the sanctions, which probably should be taken as an extremely sarcastic remark because the results of his research show that as a consequence of branch monopolies, that is, punitive secondary distribution, a third of its annual income, half of its depreciation, and all of its savings are siphoned out of agriculture into other economic activities. The disbelief of those present that the annual amount of a fantastic \$10 billion is involved (this is almost equal to the social product that the agriculture of the SFRY achieved the year before last or the entire social product of Serbian agriculture) did not, however, signify belief that the inappropriate features of the system and agro-economic policy could change under the abnormal circumstances when this was not found to be possible under normal circumstances, as was noted by a representative of the Institute for Agricultural Research. The extent to which these fears will be disproven by the most recent government package of measures, which, according to Jovan Bogdanovic of the republic Agriculture Ministry, calls for financing the necessary coverage of losses of those who were exporters until recently, the purchasing of surpluses of commodities, and the creation of new inventories with funds from primary note issue, is best indicated by the dizzying inflation which the optimistic Bozovic government also intends to fight. The irony of the demand made to identify other financial sources aside from Topcider can also be applied to the current efforts of Agrobanka in connection with the program for rural revitalization.

In spite of everything, one gets the impression that the discussion at the roundtable was meaningful enough to justify the purpose of organizing it if that purpose was to answer the questions "What?" and "How?" Unfortunately, it was not possible to make a binding answer to the equally important questions of "Where?" and "Who?" Perhaps in a different social constellation of forces the exchange of the checklists of the federal secretary for agriculture and Dr. Luka Radoje of the Institute for Applied Sciences and Agriculture might have represented a truly symbolic conclusion of this meeting.

Ideas, Life-Style of Milan Panic

92BA1221A Belgrade *ILUSTROVANA POLITIKA*
in Serbo-Croatian 11 May 92 pp 10-12

[Interview with Milan Panic, candidate for prime minister of Yugoslavia, by Svetlana Mancic in Pasadena, California, in May: "If You Have Hope, You Have Everything"]

[Text] The great iron gate was wide open, revealing beyond the grounds and an enormous building in Tudor style—Milan Panic's estate. After several months of trying to get to see him, of negotiating with three secretaries and the head of the public relations department, a meeting was finally agreed to between two of his transoceanic business trips. The occasion could not have been better: That Saturday, Panic had organized a dinner to help the election campaign of Congressman Jim Moody, who is running for senator in Wisconsin.

Arriving long before the other guests, I found the building quiet and still empty. Hurried cooks were bustling behind one of the windows in the inner courtyard leading to the pool and the grounds. I stopped in hesitation between two wings of the house connected by an arch and decided to ring at the middle entrance.

The door was opened by a graying man of medium height in an impeccable black suit:

"You are the Yugoslav journalist?" he asked me with a smile in English. "I am Milan Panic. Come in," he directed me toward a large foyer, which glistened with light, crystal, and mirrors.

I Am First an American

I felt as though I had walked right onto the set of one of the well-known Hollywood series. I later learned that this impression was not off the mark: Segments of the television series *Dallas*, *Dynasty*, and *Falcon Crest* were filmed in this 47-room mansion, and the works of art and collection of expensive English silver had been used as props in many episodes.

This is not the first dinner that Milan Panic has organized in order to help politicians in their election campaigns. Senators and governors of various American states are his frequent guests. For instance, this successful businessman helped presidential candidate Dukakis, and before that he was a member of the Finance Committee in President Carter's administration.

Panic categorically refuses to speak of himself as a politician:

"I am first and foremost an American. As such, I think it is very important for an American citizen to take part in political events. I think that this is one of the civic duties here or in any country"—the winner of the Ellis Island Medal of Honor, which is awarded for humanism and an

exceptional contribution of an immigrant in the United States, said in a firm and brusque voice.

[Mancic] Your life story sounds like a fairy tale to ordinary people: The 25-year-old young man with his wife and \$20 in his pocket comes to America, opens up a private business with \$200, and then 30 years later becomes a millionaire. The best example of the typical "American dream"?

"Well, it sounds good. But, you know, the grass is always greener on the other side. I sometimes think that ordinary people are happier, because they have fewer worries," replies the businessman whose biography has been included in several books about the best-known millionaires, shoulder to shoulder with Onassis, Paul Getty, and Howard Hughes. "I always dreamt about America, and when I came here, I discovered that the country is even better than the one I dreamed about."

Initial Capital—\$200

And he began to dream of success back when as a little boy, left fatherless early, he had to take care of his family. His mother would find him waiting on the steps for the sun to come up so that he could go to work. Many years later, that inner fire, which blazed up in him, hurled him into the orbit of private business. Milan Panic learned his first lessons about life on Vozdovac, at No. 64 Boza Jankovic Street, where he grew up.

While he was studying medicine, he was Yugoslav cycling champion two years running, and, as he himself says, "his life as an athlete was much livelier than that at the university." He came to America via Germany, where he spent a year in the Chemistry Department of Heidelberg University.

"And I came to America, because that is the country that offers the greatest opportunities for free enterprise." And Milan Panic began to be active as soon as he stepped on the soil of the new continent in 1956. He immediately enrolled in the University of California, where he worked as a teaching assistant in the Chemistry Department and helped in a private laboratory. And then in late 1959 he gave up his studies and decided to start a private business.

"It is true that I established my present company with all of \$200 on the anniversary of the attack on Pearl Harbor. I must say that the kind of business I wanted to do, drug manufacturing, requires large initial capital, millions of dollars, which I did not have. So I had to find some way of my own to get the business going. And I decided to begin by making chemicals used for university scientific research. Thirty years ago there was a great demand for those products, which were used in tests of human metabolism."

And that is how Milan Panic, about whom the magazine *FORTUNE* wrote back in 1971 as a "Serbian boy building his fairy tale castle in the pharmaceutical business," entered that large industry.

"But, to succeed in business a man must work hard. That is the basic thing," Panic explains. "And then he has to know exactly what he wants. And not to give up. You do not dare to ever think about failure. It never entered my head that I would not succeed: The only question was how successful I would be."

[Mancic] To what can you give the greatest credit for your success: Above all, your abilities and resourcefulness, or, perhaps, your "lucky star"?

"It all began when I first heard the phrase: private enterprise.

"I realized that very moment that this was my calling in life. And that has influenced my entire subsequent life. And everything was determined in advance. It was my destiny to be here, otherwise I would not be here. Although I did nevertheless take part in shaping it," Panic adds with a laugh. "Joking aside, taking the scientific view, nothing can happen without something else happening first. Everything is subject to the law of cause and effect. Accordingly, looking at life from the angle of predeterminacy is in a way a scientific view of the world."

His Greatest Joy—Grandchildren

[Mancic] They say of you that you see work as a way of life and that you are always busy.

"I work because I want to. It gives me a sense of achieving something, of carrying out some conception, of arriving at some objective. I like my work more than anything else. But I love life in general. I like to see my friends, to go out. I love my wife, my children, my family. And also fishing, summer vacations, cruising. In my free time, I play a few games of tennis with Vladimir Petrovic, our former champion. The only thing I do not like is golf. It is much too slow a game for me."

At that point, a blond lady in an elegant red dress appeared at the door of the living room and stopped uncertainly at the threshold, probably afraid of interfering with the conversation. This was the woman of the house, Sally Panic, who sat on an ottoman opposite us and joined in the topic that had been raised about how busy her husband is.

"He, he simply loves to work. He enjoys it," she added in a mild and quiet voice, petting her restless poodle, which had immediately jumped into her lap.

[Mancic] Because your husband is so overly preoccupied, how often do you see him?

"Well, every day. He does come home in the evening. You know, we actually live in another house in Newport Beach, and we come here once a month."

When someone is as successful and wealthy as Milan Panic (unofficially, he is among the first 500 names on

the list of the richest Americans in the magazine *FOR-TUNE*, he sold his first airplane to the Mexican president, his yacht is always ready to sail, and I will not even mention the limousines and chauffeurs), people rightly ask whether he is happy? What makes him happy: business success, wealth, or perhaps his family?

"Happiness is the state of the spirit, not mere satisfaction with what you like. It is not enough to achieve something to be happy. For example, recently a young girl broke the world swimming record and later said: 'And what now?' She was not even as happy as she should have been. Accordingly, what is happiness: achievement? No," the founder of the multimillion-dollar company said with a wave of the hand. "Family? Well, that could be: having a beautiful wife, children, grandchildren.... Am I right?" He looked over his spectacles at his wife, whom he met at a Christmas party some 20 years ago.

"I think moments when I am with my grandchildren make me happiest."

[Mancic] Nevertheless, your private life has not always been happy. You had two great family tragedies. Your first wife, Jelica, your sweetheart from elementary school, shot herself...

"I do not remember that," he interrupted me shortly and dryly. "I have erased that from my memory. But it was much worse when I lost my son. He fell from the balcony of a building in Madrid a few days before his 18th birthday. That was a tragedy. I have not gotten over the loss of my son. That can never heal."

[Mancic] They say of you that there is nothing you cannot have. Is that true?

"Hmm. The only time when I saw that I could really buy whatever I want was when I took the children to Disneyland. My son was still small at the time and he wanted a balloon. I bought him all the balloons that were there on the square. There were so many of them that they all but lifted him off the ground."

Milan Panic is also very generous to his wife. One year he wrote her a birthday card saying: "From your poor immigrant husband." And he sent it attached to the sales receipt for a new Rolls Royce.

Panic Is Supporting Moody

The conversation was interrupted by the doorbell announcing arrival of the first guests. Although restless by nature, Milan Panic sprang up like a top to greet his guests. The next two hours he circulated among his 70 or so Serbian and American friends and business partners, he would disappear, he would reappear, he would argue with a raised voice, he would laugh out loud and sip white wine, which took the place of the diet Pepsi.

The guests lounged about in the drawing rooms of the estate that once belonged to the famous Huntington family, one of those deserving greatest credit for the

birth and development of California as a state. When he purchased this sumptuous mansion some 20 years ago, Milan Panic also became the owner of a part of history. Huntington, the great industrialist who sank the first oil well and established the Pacific Railroad, brought together in the evening the most powerful and wealthiest people of California in this very house. And in this very smoking room in which Congressman Moody talks to Panic's guests the most important decisions were made on producing oil, establishing companies, taking part in the Mexican Revolution, naming governors.... So, by a kind of symbolism this building is continuing its tradition.

Panic delivers a fiery speech and with his characteristic magnetism tries to persuade those present to make voluntary contributions to Congressman Moody's campaign. Many emphasize this ability to persuade as one of the important reasons for Panic's success, referring to him as a genius in negotiations. Even on one edition of "Pinnacle," which CNN devoted to our countryman, there was mention of his ability to win over investors to finance his projects even when they did not fully understand them. That, in fact, is how the subject of our interview began his career: He managed to convince a group of physicians (as well as his own dentist) to invest about \$110,000 of initial capital in his company. He also convinced his former colleagues and professors at the university to be his voluntary advisers.

"Self-confidence is very important in business," Milan Panic would say later. "As long as you believe in what you are doing, the chances are good that you will succeed."

He Does Not Recognize Failure

In order to see Milan Panic the manager, I spent a morning at the headquarters of ICN in Costa Mesa, 100 km or so south of Los Angeles. Fountains gurgle behind the closed iron gate, awaiting the 250 employees who everyday pass beneath the Arabic saying which Panic has adapted to the needs of his company: "If you are healthy, you have hope; if you have hope, you have everything."

The "drug emperor" (as Panic has recently been referred to in the American press) presides over his empire in a wing on the third floor separated from the rest of the building by a large grilled wooden gate.

His workday begins at 0630 hours and he is on the job precisely at 0800 hours. Meetings, conversations, the issuing of instructions, and other obligations go on until 2000 hours, when he usually has a dinner scheduled with one of his business partners. He arrives at home about 2300 hours, looks at the news until 2400 hours, and then goes to bed.

Although the volume of business of Milan Panic's company has multiplied by geometric progression, its founder and owner still likes to keep an eye on everything that is happening, even among the employees. When he is in the vicinity, they are all in a state of alert,

and they breathe a sigh of relief only when he goes on a trip or is busy with other things and is outside the building.

Milan Panic chooses his close associates very carefully. As he puts it, they must all be better than him in the field in which they work. Accordingly, he offered the post of vice chairman of the Managing Board of ICN Galenika to John Scanlan, former American ambassador in Yugoslavia, who has an excellent knowledge of conditions in our country and our mentality.

"For me, discipline is one of the most important things in business," adds the top man in ICN.

On the walls of the offices, there are various awards and plaques: FORBES magazine proclaimed Panic's firm SPI one of the 200 best small companies: Another professional journal put ICN among the 100 fastest-growing firms. Failure does not exist for this man whom the American press lists among the 10 most successful immigrants in the history of the United States: It is only a stepping stone toward success.

"If you fail once in business, just keep on toward the top. After all, even a loss gives you something: You gain a certain knowledge that way. And more knowledge means greater confidence, which is indispensable in business. Of course, you also need in the end to have a bit of luck as well. As far as success is concerned, there is something else of which to be mindful: risk. I never took a risk like the gamblers in Las Vegas. The first time I went there, I immediately wanted to be a croupier, not a gambler."

[Mancic] What else would you like to achieve in your life? What is your goal?

"I would say that the most important thing is for us to develop the pharmaceutical business in East Europe, especially in Russia, and to become the leading drug producer in this part of the world over the next five years."

And he added with a smile that he would like to discover a drug against old age.

As for plans involving his homeland, he mentioned that he was trying to establish some form of business collaboration with Crvena Zastava and in that way help our automobile producer to break through to the American market once again.

"I am trying to help the Serbian economy and the American economy to adapt to the American model," declares this businessman, who last year was proclaimed businessman of the year in Belgrade.

"The company is my private life," Milan Panic declares simply in conclusion, "but also add that I like good wine and life."

Biography, Views of Prime Minister Panic

92BA1222A Belgrade NIN in Serbo-Croatian 3 Jul 92
pp 23-24

[Article by Zoran Miljatovic: "Milan Panic: An American in Belgrade"]

[Text] At the time of this writing, the daily press is publishing on its front page that the United Nations has "given consent." It remains only for the top political leadership of the United States to say amen to everything, and, so we read, the new sovereign Yugoslavia will finally have its first prime minister.

The slow pace of administration on the other side of the Atlantic also forced President Dobrica Cosic to relativize his obligation under the supreme law of the land, because the period of seven days for nominating a prime minister has already been exceeded by that much again without much explanation given. When the national interest is involved, we hear on this occasion, even the Constitution cannot stand in the way.... Without going into why no one as yet has offered the public a very detailed explanation as to who, and in what cases, permits the departure from the law as "from a fence," to use a small bit of Josip Broz Tito's idea, it is clear that this time the national interest is personified in Mr. Milan Panic, an American businessman of Yugoslav origin. Unless something unexpected occurs, he will be nominated for prime minister of Yugoslavia even before this issue of NIN reaches the newsstands.

One key detail in the mainly well-known and stylized biography of Milan Panic is certainly that in 1955, when he was a bicycle racer representing Yugoslavia, he did not return to the country after a race in the Netherlands, but continued on to West Germany, to Heidelberg.... Back then, he resolved the dilemma which is obsessing many people today—the "historical no" or a full stomach.

Further From Defeat

Beneath the first layer of interest in this California industrialist, at pretty much the level of guessing whether his house in Pasadena has 42 rooms and 15 bathrooms or perhaps 48 plus 17, the average possessor of the most recent Balkan horrors is nevertheless interested above all in why someone would renounce, even temporarily, a comfortable management position in America, with earnings of \$6 million a year, and come here to resolve what seems to be inextricable and irresolvable....

Milan Panic, we merely pass on the opinion of those who are informed, but it is presumably clear even from his very career, is an ambitious man. The Belgrade paper-hanger, Kosta Todorovic, who once was an athlete whom Panic idolized, has recalled a few years ago when "Panke" came in his Lockheed Jetstar to attend the bicycle race "Through Yugoslavia," gave the organizer \$5,000, the winner another \$700, and then took all his old pals to supper at the Hotel "Yugoslavia." "On the

wall of his room, he had our photographs, and whenever he beat anyone, he would make a cross beside his picture. One day, his mother asked him: 'Son, surely Kosta has not died?' 'No,' he replied, 'I just left him behind on Sunday.'" And he added: "He could not stand to be beaten. He would pass those who were older and better because of his incomparable persistence and fight."

From that same milieu comes the story about Panic having only \$20 in his pocket when he reached New York in 1956 with his wife Jelica, or only \$200 of initial capital when, four years later, he began to create what is today the ramified ICN.

However, the time has now come to prove himself "in his own village" (where, to tell the truth, even \$200 is big money at the moment).... By all appearances, he could be turned away only by a decision of President Cosic that from now on only domestic automobiles and domestic beverages are to be used in the top federal leadership.

The name Milan Panic began to circulate in Yugoslavia's political life even before its president, who under the Constitution nominates the prime minister, was elected. Although the initiator remains unknown, it is easy to see that the leading figures in the leading party in Serbia have been providing the tone and firm basis for everything. And this just a few days after Vladislav Jovanovic, Serbian foreign minister and probably the future foreign minister at the federal level, made a statement to a German magazine that somewhere there a puppet government was being prepared for our country. That was interpreted here at the time (mistakenly, we assume) as a warning, and so the loyal press overflowed with commentary against domestic traitors and opposition lackeys, and they shuffled through the names of possible puppet rulers (foreign mercenaries). Imagination at that time went no further than, say, Ivan Djuric or Srdja Popovic. Possibly it even went as far as Prince Aleksandar Karadjordjevic, who, it is well-known, "does not know Serbian...."

Patriarchal Support

The possibility that somehow in these difficult friendless times a path might nevertheless be cleared by Milan Panic to a world power, and with the blessing of incumbent domestic structures, stifled new outpourings of false patriotism. No one, thank the Lord, was concerned with Panic's knowledge of his native language. Following his lengthy stay abroad, say those who are well-informed, it is not exactly splendid, especially when it comes to accents.

The public these days has been receiving only a half measure of information about acceptance or rejection of the nomination, but the most convincing report seemed to be the one to the effect that Mr. Panic would accept the job of prime minister if he received broad support. Judging at least by the telegrams that began to come in to "Galenika," which is partly owned by Panic. Both Patriarch Pavle and Dusan Kanazir, president of the Serbian

Academy of Sciences and Arts, were heard from, and so were many enterprise collectives.

Consent failed to come only from the southern part of the joint state. Following the collapse of internal personnel lineups, according to which the president of the FRY [Federal Republic of Yugoslavia] was to be a Montenegrin and the prime minister a Serb in the first drawing, the top political leadership of Montenegro displayed extreme determination not to be left without one of its own in those two federal positions. In secret, it rejoiced that in these times, which are decisive in many respects, it would get the powerful position of prime minister instead of the honorary position of president. And the strongest trumps were thrown down on the table—Momir Bulatovic and Milo Djukanovic. It was only a few days before it became evident that they nevertheless were second-string players and that the quota system would not apply unless Panic himself backed out.

Statements to the effect that they would insist "to the end" on respecting the Constitution where the phrase "as a rule" is used concerning republic division of the two leading federal offices is envisaged only "for exceptional situations" (Momir Bulatovic was decided: "The Constitution must be respected."), which were still current at the time, dried up quickly.

Message to Izetbegovic

Everything quieted down, and it appears that the top Montenegrin leadership will now seek a battle for equality concerning the members of the future cabinet, that is, it will want the strongest ministries it can get.

And they are already being "given out" on a large scale even without the prime minister. The scenario that calls for "things to be finished on time" was noted even when the name of Panic as a candidate was already there waiting for Dobrica Cosic; now things are being done in advance for the new prime minister in the form of the distribution of portfolios. After all, say the nimble personnel experts, Milan Panic "is nevertheless coming from far off," "is not informed about everything," and "needs help in choosing the best...."

Along with a cabinet fashioned in that way, he is also awaited by the July interventionist measures whereby we are coming closer to communism than we ever were. How will a man who says that "no one should ever be ashamed of making a lot of money," accept the limit on earnings, along with the closing of the gap between the lowest and highest incomes prescribed by law?

The blockade, the almost completely destroyed economy, political frictions, and war practically on the borders.... A state whose legitimacy is being denied by many people in the world, in particular by Panic's parallel homeland (involved right now in seeking ways of having Yugoslavia expelled from the United Nations). A people, half of whom have elementary schooling, a fifth no education at all or only up to the third grade, and with

only one out of every 17 with postsecondary education.... What is to be done under such conditions?

Milan Panic's consultations at the top levels of the U.S. administration, explained by fear that he might lose his U.S. citizenship, certainly were not conducted just in order to clarify his status if he accepts the office offered him. And it is certain that the contacts will not cease even when those unclear points are spelled out. However, will that, in and of itself, be sufficient to remove the sanctions?

In his more or less inaugural messages to Alija Izetbegovic and Radovan Karadzic, Milan Panic, for all practical purposes, was reiterating key U.S. positions the other day. He wrote to Alija Izetbegovic: "I set no conditions whatsoever, and I am ready without any prejudice, as an American to whom human rights, freedoms, and peace are dearer than anything, to talk with all men of goodwill and to take any step which can contribute to the restoration of peace.... While I appreciate your concern because of the horrors of war that your people have experienced and your interest in urgently restoring peace, I expect, Mr. President, that you will also support my intentions and will respond to my appeal that we enter into contact and talk about everything."

And he said to Radovan Karadzic that an urgent and complete cease-fire is necessary and acceptance of all the conditions laid down by the Security Council in this situation: "Only by such action is it possible to prevent the worst and clear the way for a peaceful solution of the conflicts and the saving of precious human lives."

Praise for Persistence

It remains to be seen to what extent this style and this line of argument will be able to communicate with members of the "celestial people," but Milan Panic has in a way set forth his political program here. Which, it seems, will not be satisfied with educating the uninformed Western world, which is "unaware of the truth," but will also attempt to change something here.

The extent to which the United States will also see this as an occasion for "constructive changes" in Yugoslavia, to be carried out by a man who is also well-known as an active supporter of the American Democratic Party, rather than introduced by the machinery of war, can be seen from the fact that it has "granted consent." Rudi Prpic, former governor of Minnesota, for example, did not get it when he was offered the opportunity to become foreign minister of independent Croatia.

The candidate for prime minister is to present his entire program to the deputies in the Federal Assembly. And to propose to them his team. By secret ballot, they will then take a vote. Until then, everything is nevertheless in the domain of speculation. Except for the fact that the powers of the Federal Government are immense—from ordering a general mobilization to proclaiming the

immediate danger of war, state of war, or state of emergency, if the Federal Assembly is unable to meet.

If Milan Panic becomes prime minister, the only thing certain is that he will not easily give up the job he has tackled. He has said in one interview: "I teach my children that in any activity the most essential thing for success after work is persistence. I learned that as I peddled my bike on roads all over Yugoslavia and Europe, incessantly repeating within myself that no one was any better." He now has a chance to prove this once again by personal example to Nikola, Don, Milan, and Vivian. And to the people of this country that it nevertheless is not true that the more it changes, the more it is the same. And in particular that self-sufficiency can be a feature of any intelligent policy.

Critical Commentary on Serbian, Yugoslav Leaders

92BA1256B Belgrade EKONOMSKA POLITIKA
in Serbo-Croatian 13 Jul 92 p 21

[Article by Dragan Veselinov: "In Front of the Soup Kitchen"]

[Text] As soon as Bozovic began to threaten three years in prison for anyone who did not give consumers products that are supposedly in short supply, it became clear that we have gone back to the era of oppression by the collective farm. The prime minister sees the world's sanctions as a reason for disintegration of the domestic economy, but not as a consequence of an unacceptable domestic policy. He would therefore like to adapt to the international blockade with an endless reduction of rations for the population. And if this should get to the point of life according to Ceausescu's daily chart of caloric and vitamin intake, then the conclusion of the political conflict between the government and the opposition is coming closer and closer.

Milosevic's regime is continuing the old policies: Army helicopters are maintaining an airlift between Serbia and Sarajevo, and paramilitary teams of police headquartered in Belgrade are being stubbornly flown out and brought back for rest.

The economic program of Bozovic's government was anticipated long ago even without these helicopters. It was clear from the character of the antibureaucratic showdown between Communists in 1988 that Serbia was hurtling to economic and political disaster. The wartime constitution and wartime policy are today culminating in justification of the upcoming requisitioning and persecution of the peasants. Bozovic's government is even going to declare a state of emergency in Serbia itself so as to extend its lawlessness from Kosovo to the entire state. This is a signal that Milosevic no longer needs even the illusion of a parliament and that he is carrying out an internal coup d'etat by taking over both the legislative and executive powers. In that way, he also gets rid of his

own party, and he moves on to outright personal rule. Personal authority based on the barbarism of the lower strata leads to tyranny.

The Socialist Party is impressed that it is the ruling political force. It is not. That is represented by Milosevic, the army, and the police. Seselj's fascists are an addition to Milosevic that serve not only to intimidate the democratic opposition, but are also the normal culmination of the governmental orientation of the Belgrade nationalistic group—the one that has been meeting in the villa "Bosanka" in Uzicka Street and dreaming about the map of an expanded Serbia. Seselj is the last stage of disintegration of civilization under the Socialists. He is only waiting for his invitation to go to the "Bosanka."

Panic's arrival in New Belgrade gives Milosevic a breather of a few weeks. Many people expect a miracle from the rich American. That will not happen. The only thing that makes sense for him to attempt is to snatch the army from Milosevic, pay it off, and force it to threaten the police with an attack if it goes over to the opposition. In the Palace of the Federation, the waiters at the lunch counter and bar, the chauffeurs of official cars, and Cosic are stronger than Panic. And even Cosic, compared to Panic, is not much stronger than the waiters there.

Panic is powerless before the "Federal Assembly." Within it, he is controlled by Milosevic with his deputies of the Socialist Party. His enthusiasm to create an independent press does not create better positions for him than those which Markovic had when he created the excellent "Yutel." Panic's amateurish statements that he is not a politician, but a businessman, are disturbing to all those who would finally like to see the state run precisely by a politician, perhaps even by a statesman, not by a shy pharmacist. His desire to create a technocratic government is unrealistic, because it presupposes a political truce between the leading party forces and the inclination of the Socialists to subject the system to reform. Panic contributes to the confusion in Belgrade, because by his very appearance he is turning the attention of the public away from Milosevic to himself, thereby giving Milosevic a breather. The reason why Panic consented to come to Belgrade has not been sufficiently explained, but it seems that it nevertheless was his personal decision—and in the end it will cost him a bowed head.

Hungarian Paper on Vojvodina Election Results

Socialists Win Parliament

92BA1164A Novi Sad MAGYAR SZO in Hungarian
18 Jun 92 p 7

[Article by "a-N": "Second Round of Provincial Elections; 80 Representatives Elected; Most Are Socialists in the Future Provincial House of Representatives; Election Results Voided in Two Voting Districts"]

[Text] The election committee having jurisdiction announced the results of the second round of elections

yesterday. Vojvodina citizens elected 118 out of 120 representatives, and ballots were voided in two precincts.

Cedomir Prostran, chairman of the election committee, announced at a press conference yesterday that "344,496 (31.4 percent) of the 1,096,916 registered voters voted in the second round of elections" and that he believed that "we can be satisfied with this result under the circumstances." Voters expressed confidence in 80 representatives in the second round, and thus, together with the 38 representatives elected at the 31 May elections, the provincial parliament now has 118 representatives. Of these, 93 are members of the SZSZP [Serbian Socialist Party], nine ran as independents, eight were VMDK [Democratic Union of Hungarians in Vojvodina] candidates, three were candidates of the SZRP [Serbian Reform Party], two of the Bunyevac-Sokac Party, one of the Civil Movement for Szabadka [Subotica]—Pigeon Breeders, one of the Serbian Democratic Party, and one of the Democratic Alliance of Croats in the Vojvodina [VHDSZ], all of whom will be members of the future Provincial House of Representatives.

The election committees of the 5th voting district of Sremska Mitrovica, and the 6th district of Pancsova [Pancevo] voided the election results in one polling place each, because contrary to established rules, people were allowed to cast votes on behalf of their family members in one of the places, while at the other location the polling place was not open all day. In these two places the elections will be repeated on 21 June.

The issue of the large number of invalid ballots was raised at the press conference. There were 130,000 irregular ballots in the first round of elections, while the second round produced 22,831 irregular ballots, 12.4 and 6.6 percent respectively of the total number of votes cast. The chairman of the committee did not provide a substantive response regarding this issue, just as he refused to comment on a journalist's remarks, claiming that not a single representative of the Romanian nationality would be seated in parliament. The chairman explained his refusal to deal with this issue by saying that the sole function of the election committee was to ensure the legality of the elections.

Hungarians Win Subotica

92BA1164B Novi Sad MAGYAR SZO in Hungarian
18 Jun 92 p 12

[Article by "Ar": "Election Results Tallied; On the VMDK's Open Door Meeting"]

[Text] The VMDK [Democratic Union of Hungarians in the Vojvodina] has stayed in the fight. The opposition is the majority in the legislative body. This result may be attributed primarily to the VMDK and to Hungarians in Szabadka, according to an election result summary provided at the Open Door Meeting. The two rounds of elections yielded 27 representative seats for the VMDK and five for the Democratic Alliance of Croats in the

Vojvodina [VHDSZ]. Including the three winning candidates supported by the VMDK and the VHDSZ, these groups hold 35 out of a total of 67 representative seats. The leadership stressed, however, that there was no reason for over-confidence, because acquiring three or four places hinged on small mistakes, and at the same time, certain things must still be accomplished. The VMDK supports VHDSZ candidate Bela Tonkovic in two local communities, and independent candidate Antal Mojzes in Bajmok. Participants at the Open Door Meeting pointed out the importance of analyzing the lessons learned from, and the results of the elections.

Dr. Csaba Sepsey, the federal representative elected in the first round of elections reported on the organizing meeting of the Federal House of Representatives, describing the most important things that must be done to lift the international sanctions that struck the country.

Deputy Sepsey Interviewed

92BA1164C Novi Sad MAGYAR SZO in Hungarian
18 Jun 92 p 9

[Interview with Dr. Csaba Sepsey, recently elected member of the federal parliament, by Istvan Valihora; place and date not given: "We Must Not Step Aside; The VMDK Is Not Going To Wait for Better Days To Come"]

[Text] "The VMDK [Democratic Union of Hungarians in the Vojvodina] has always professed the principle that one must choose democratic, parliamentary paths in fighting for the interests of Hungarians in Yugoslavia. With this in mind, we decided to run in the elections. We cannot tell in advance whether there will ever be fully democratic elections, but our refusal to run while waiting for such elections would be tantamount to surrendering our fight, to stepping aside," Dr. Csaba Sepsey, a recently elected federal representative thus opened his statement when he requested an interview on the occasion of his election. His opening statement came in response to our inquiry as to why the VMDK had run in the elections in contrast to other opposition parties, which had not. Incidentally, Dr. Sepsey had won in the Szabadka-Kanizsa voting district over six other candidates by obtaining a relative majority of the votes.

Many Did Not Dare To Vote

[Valihora] What was the decisive issue?

[Sepsey] In arguing about these matters within the VMDK council, we did not dispute the existence of Yugoslavia. We live here, and we must live here with other nations, and it is another matter that we are not in a position to say how this country should be. All we wanted to accomplish with respect to the regrettable events was to stay out of the war of the South-Slavs, and to jointly establish a democratic country, one that guarantees the rights of minorities.

[Valihora] What hopes do you have in entering the Federal House of Representatives?

[Sepsey] The way the elections had been conducted is known, and many people did not dare to vote. Nevertheless, this occasion proved that the VMDK is the legitimate representative of Hungarians in this area, and together with Bela Csorba, I became a member of the Citizens Council of the Federal House of Representatives. In addition to members of the SZSZP [Serbian Socialist Party] and the Serbian Radical Party, only we, and an independent representative became members of the Council, and from Crna Gora, in addition to the delegates of the ruling party, two independent candidates and a member of the KSZ-MJ [expansion unknown] became Council members. Together with the independents we would have had the minimum of five members required to form a parliamentary faction, but by the time we found the "independent" delegates, it turned out that they had already joined the SZSZP faction. Considering the fact that the two leading parties from Serbia and from Crna Gora are going to act in total harmony, the Citizens Council is actually going to amount to no more than a voting machine that adopts the proposals of party leaders, as already agreed upon in advance. Tough debate may be expected relative to the assignment of functions, at best.

[Valihora] Accordingly, would you say that the Federal House of Representatives is going to be a mirror image of the parliament of the republic, insofar as policies and work are concerned?

[Sepsey] The only difference will be that in this place the opposition is even smaller than in the parliament of the republic.

[Valihora] What is your view of the cadre solution of the Citizens Council?

[Sepsey] My fellow representative Bela Csorba and I voted against electing Yugoslav Kostic as president (only the two of us), Csorba and another representatives voted against the election of Stefanovic as vice president, while I abstained. In response to questions asked by journalists from Belgrade after the vote, we explained our votes by saying that we had known Yugoslav Kostic, but I do not know Stefanovic, and that Csorba voted against him because he is quite familiar with Stefanovic's party. After that, Kostic called us to his office and asked which parliamentary committee we would like to join. As a result of this discussion I became a member of the committee dealing with market and development issues, while Bela Csorba became a member of the human rights committee.

[Valihora] Why did you object to Yugoslav Kostic?

[Sepsey] He was an active participant in the yogurt revolution, and as chairman of the Vojvodina presidium he did everything to discontinue the autonomy of our province, and now we have reached this point.

[Valihora] Dobrica Cosic has been elected as the first president of the third Yugoslavia. His activities will certainly have a strong impact on parliament. What is your view of him?

[Sepsey] The new president is an outstanding writer. He introduced himself, he talked about the need for peace, but if his spirit is behind the memorandum whose principles have been followed by the Serbian leaders, and that has brought this country to the point where it is now, he bears special responsibility for settling this situation; I do not know in advance, but we will see in the near future, whether he has recognized that only peace, and a policy of peaceful coexistence can provide for the well-being of the citizens of Serbia, and that the announced goal can be achieved only if he does everything possible to discontinue the isolation of the Yugoslav Federal Republic, and to lead this country back to the international community.

[Valihora] Do you think that this parliament will indeed be short-lived?

[Sepsey] We are witnessing times of great changes and I hope that as composed today, the parliament will function only until September or October, at most, and that new elections will be called at that time.

Distressing Domestic Policy

[Valihora] What should a representative do until then?

[Sepsey] As soon as I, in my capacity as a representative, am able to ask questions, I will inquire why the reserves are not being discharged, why heads of families are taken from their workplaces at a time when the people are impoverished anyway. Beyond that, I am joining groups which endeavor to discontinue the causes that prompted the imposition of international sanctions. In saying so, I do not have foreign policy activities in mind, but domestic policy measures that evoked protest throughout the world. The conditions established by the international community are not humiliating, because they express a simple expectation that we conduct ourselves like Europeans, in a manner consistent with standards that prevail at the end of the 20th century.

Speculation About New Macedonian Government

92P20353A Skopje NOVA MAKEDONIJA
in Macedonian 22 Jul 92 p 2

[Article by B.R.: "Intensive Consultations About the New Government: Negotiations About Appointments"]

[Text] *Petar Gosev, who has received a mandate to form a government, yesterday began a new series of consultations with parties that will participate in the new government. What are the initial options for appointments in the government?*

Charged with forming a new government, Petar Gosev yesterday began a new series of talks and consultations

with the parties with which the Social Democratic Alliance [SDSM] will participate in the new government of the Republic of Macedonia. In these negotiations between Gosev and representatives of the Party for Democratic Prosperity [PDP] and the RSM-LP [Reform Forces of Macedonia-Liberal Party], there have already been specific discussions about candidates for positions in the new government.

Although it is only the beginning of negotiations about personnel appointments in the future government, which means that there are various possible options until the final staffing of Petar Gosev's cabinet is announced, specific names of candidates from the parties to be members of the future government are already being mentioned. It is said that the new government will have three deputy prime ministers, among whom, according to one option, is Jovan Andonov, who has been deputy prime minister responsible for current economic policy. As a representative of the RSM-LP for a deputy prime minister slot in the future government, with responsibility for social matters and the political system, Prof. Dr. Dimitar Mircev is mentioned, as is Bedjir Zuta from the PDP.

Well-informed circles claim that Gosev and the three parties—the SDSM, the PDP, and the RSM-LP—are inclined toward having as head of the Ministry of Foreign Affairs in the new government the current minister, Denko Maleski. It has been learned that such a solution also exists for the leading position in the area of internal affairs because it is known that there is a great possibility that Minister Ljubomir Frckovski will be requested to continue his work at that ministry in the Gosev government. Likewise, there is talk of retaining the current minister of education, Dimitar Bajalziev, in the new government. He has served as head of the Ministry of Education and Science. There is also talk of bringing in Jane Miljovski from the old government. He would be asked to continue the privatization project in Macedonia.

According to unofficial information, the SDSM reportedly will propose Djuner Ismail, the director of Turkish Drama and a member of the SDSM leadership, as minister of culture. Josif Tanevski, a professor at Bitola University who recently served on the constitutional commission, has been mentioned in SDSM circles as a candidate for the justice position. But, at the same time, there is talk that the reform liberals are trying to acquire the leading position in the Ministry of Justice and that they will propose their own candidate to Gosev. Unofficially, it is said that the RSM-LP will propose as chief in the Ministry of the Economy Milan Hrovat, a deputy chairman of the Macedonian Chamber of Commerce. However, there is also mention of Vladimir Rjabosapko, a deputy chairman of the Macedonian Chamber of Commerce and a former director of Jugohram, for that post. An almost certain candidate of the SDSM for minister of health is Dr. Jovan Tofovski.

It has been learned that the PDP will propose Djevdet Hajredini, a man who has a masters degree in economics from Tetovo, as minister of finance, but there are also rumors mentioning the name of representative Saban Prevala for that position. The PDP is requesting the retention of the present minister of labor and social policy, Iljas Sabriu, and is proposing representative Aslan Selmani as minister of ecology. It is known that, in the consultations with the parliamentary group of the PDP, representative Esref Aliu was proposed for the position of deputy minister of foreign affairs, but he reportedly asked not to be a candidate for that position in the new government. In his place, the PDP reportedly has proposed the party's deputy chairman, Sami Ibraimi.

Army General Staff Chief on Intervention

92BA1261E Belgrade VOJSKA in Serbo-Croatian
16 Jul 92 p 16

[Article by Colonel General Zivota Panic, chief of the General Staff of the Army of Yugoslavia: "I Do Not Believe in the Invasion"]

[Text] In answer to the question about a possible military intervention of the West in Yugoslavia, General Panic, according to VECERNJE NOVOSTI, answered that he does not believe that NATO forces or the United States will attack Yugoslavia, adding: "The Federal Republic of Yugoslavia [FRY] has neither earlier nor now provided any occasion whatsoever for foreign intervention against Belgrade or any other part of its territory."

Some of the Yugoslav and foreign newsmen asked Gen. Panic "whether the Yugoslav Army would defend itself if an intervention nevertheless did occur," to which he declared that the "Army of Yugoslavia is prepared to defend the freedom and independence of its homeland. In that case, we are ready to fight any aggressor."

In answer to the question of whether "the Army of Yugoslavia has members on the territory of B-H [Bosnia-Herzegovina]," the chief of the General Staff emphasized that "it has neither soldiers, nor officers, nor aircraft."

The newsmen asked Gen. Panic, in connection with an allegation of POLITIKA, whether "in a possible attack of foreign troops, could our aircraft take off from airfields, because they might be pinned down by modern electronic technology"? Gen. Panic responded: "Let them just believe that they cannot, and we will disappoint them—if that occurs."

Several journalists were interested in "how the Army of Yugoslavia looks upon solving the problem of Prevlaka." Gen. Panic answered them that this is a matter for a political decision, not a military decision, adding his personal view that "that zone should be demilitarized until the political issue is settled," and if necessary, the issue of Prevlaka should be settled at the international level.

The journalists also asked the general why no minister of defense had been nominated in the federal government? He replied that only Prime Minister Panic could speak with authority about that, adding his personal comment that "it is not easy to find a civilian to be minister of defense," which, according to him, is the only reason for the prime minister's decision to that effect. The newspaper BORBA added to that a more extensive comment by the general: "The prime minister did not consult the top military leadership concerning the members of the new government, and if he

had asked us, we would not have made a nomination for minister of defense so as not to influence his personal decision and selection. It is best for him to choose the team with which he will work on his own. In any case, the minister of defense will always be a civilian in the future so that we do not have a case when the federal government falls and this causes disruptions in the armed forces. The General Staff is the institution that handles everything concerning the army and guarantees that combat readiness, morale, and everything that is the glory of the army is at a high level."

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